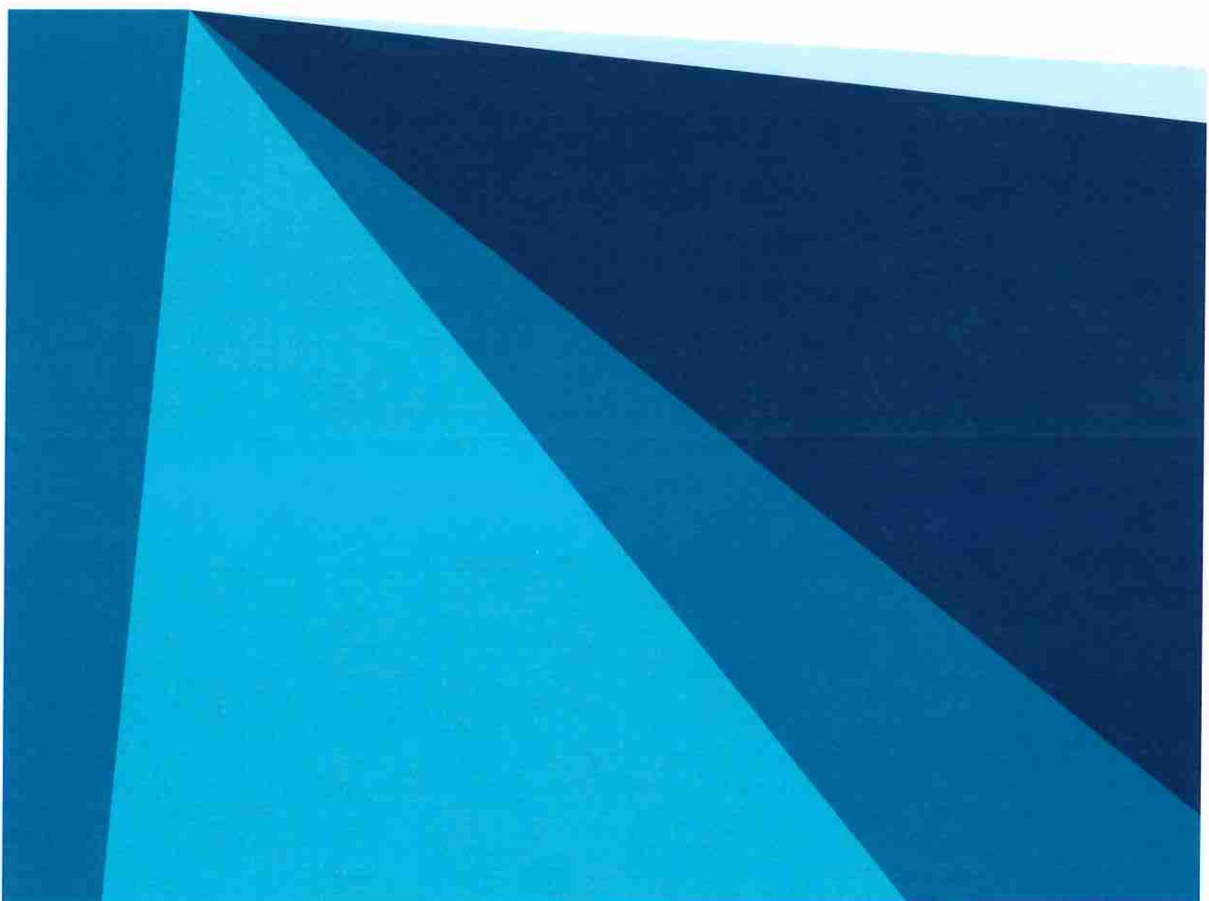


ACTUARIAL ANALYSIS OF UNPAID CLAIMS LIABILITIES AND RESERVES AS OF JUNE 30, 2014 OF THE MARICOPA COUNTY SELF-FUNDED EMPLOYEE BENEFITS PROGRAM MARICOPA COUNTY

October 17, 2014

Government Human Services Consulting



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1

Executive Summary

Mercer Government Human Services Consulting (Mercer) has been retained by Maricopa County (County) to value the self-funded unpaid claims liabilities and claims reserves, as of June 30, 2014, of the County's employee benefits plan (Plan). The self-funded employee benefits plan provides medical, prescription drug, dental, vision, behavioral health, and short-term disability coverage for approximately 11,500 employees and two retirees (excludes retirees in CIGNA for Seniors, a Medicare Advantage plan). For these coverages, the unpaid claims liability and claims reserve represent costs that are already incurred by means of health care services that have already been provided or disablements that have already occurred, but for which the Plan has not yet paid.

In addition to the analysis of the unpaid claims liabilities and claims reserves, the County has requested that Mercer review the potential self-insured risks beyond the unpaid claims liabilities and estimate reasonable reserves (if needed) for those risks. These include a reserve to cover the liability for unpaid claims adjustment administrative expense, a reserve for large claims, a reserve for excess Consolidated Omnibus Budget Reconciliation Act (COBRA) expense, a reserve for claim fluctuation, a premium deficiency reserve, and a reserve for performance incentives.

The reserve for claim fluctuation, based on a risk-based capital approach, was included to maintain reasonable solvency levels, taking into account specific information related to the County's types of coverage offered, claim levels, funding sources, and the Plans' provider contracts. There is no requirement to have such a reserve, so holding this reserve is a County management decision. This is discussed in greater detail in Section 7.

In March of 2010, comprehensive health care reform legislation was enacted under the Patient Protection and Affordable Care Act (HR 3590) and the Health Care Education and Affordability Reconciliation Act (HR 4872), known collectively as the Affordable Care Act (ACA). The ACA contains provisions affecting the operation and cost level of the County's health benefit plans. Changes became effective for benefit plan years beginning after September 23, 2010; since the County's benefit plan year follows the July through June fiscal year, the ACA changes began affecting the County's health benefit plans on July 1, 2011. Some clarification, technical corrections, and final regulations have yet to be issued, and some features of the ACA are not yet in effect, so the financial impact of this legislation on fiscal year (FY) 2014 costs is only a portion of the ultimate cost of the legislation. The report does not address any taxes or fees on the County's health plan, except to the extent that they are manifest in the cost of claims. The non-addressed taxes and fees include the transitional reinsurance fee and the Patient-Centered Outcomes Research Institute fee.

Effective July 1, 2011, the County eliminated its specific stop-loss insurance after having increased its attachment point from \$200,000 to \$750,000. Mercer is recommending the County establish a reserve to provide a means of smoothing the recognition of the costs of large claims over periods of more than one year. See Section 5 of this report for details.

Funding rates in effect for FY15 are not expected to cover costs of benefit and administration for FY15; therefore, premium deficiency reserves are needed as of June 30, 2014.

These are the liabilities and needed reserves for the self-funded benefits plans as of June 30, 2014. Reserve estimates calculated at a later date, with more information or calculated for other purposes, may differ from the values presented here. This report uses calculations with claims data paid through July 2014 for all services.

Coverage		Liabilities and Reserves as of June 30, 2014
1.	Liability for medical claims	\$ 10,234,621
2.	Liability for prescription drug claims	\$ 0
3.	Liability for dental claims	\$ 553,998
4.	Liability for vision claims	\$ 143,530
5.	Liability for behavioral health claims	\$ 226,157
6.	Liability and reserve for short-term disability benefits	\$ 528,991
7.	Subtotal for 1+2+3+4+5+6	\$ 11,687,297
8.	Liability for unpaid claims adjustment administrative expense	\$ 0
9.	Reserve for large claims	\$ 4,781,520
10.	Reserve for excess COBRA expense beyond the premiums for those enrolled in COBRA as of July 1, 2014	\$ 195,703
11.	Reserve for claims fluctuation (150% of net underwriting risk component of the risk-based capital formula for other than short-term disability, 250% for short-term disability), based on claims incurred July 2013–June 2014	\$ 17,365,711
12 A.	Premium deficiency reserve for medical, pharmacy, dental, vision, and behavioral health	\$ 7,361,053
12 B.	Premium deficiency reserve for short-term disability	\$ 353,931
13 A.	Liability for earned but unpaid performance incentives	\$ 0
13 B.	Reserve for maximum potential performance incentives	\$ 0
14.	Total for 7+8+9+10+11+12A+12B+13A+13B	\$ 41,745,215

As of June 30, 2014, there were approximately \$55.6 million in total assets available to cover the Plan's liability requirements and reserve needs, \$2.1 million of which was for short-term disability, an employee-pay-all program, and \$4.3 million of which was for wellness. This

\$55.6 million amount includes restricted assets and fully covers the liabilities for unpaid claims and unpaid claims adjustment administrative expense, and the reserves for the excess COBRA expense, claims fluctuation, premium deficiency reserves, and performance incentives.

The chart below provides details on the amount of assets in excess of the Plan's liability requirements and reserve needs. The available assets shown on Line 1 below include approximately \$5.9 million receivable from CIGNA to adjust for their overcharge for primary care physician subcapitation. This amount is expected to be paid to the County separately by CIGNA as an extraordinary item, rather than as a negative adjustment to the usual claim payments. It is, therefore, not being treated as a negative component of the liability for incurred but unpaid claims, even though such liabilities include components that are expected recoupments of claim overpayments, albeit on a much smaller scale.

Calculation of Net Amount of Available Assets in Excess of Plan's Liability Requirements and Reserve Needs

Measurements as of June 30, 2014	Short-Term Disability (STD) ¹	Wellness	All Other	Total
1. Available assets	\$ 2,133,375	\$ 4,275,102	\$ 49,218,015	\$ 55,626,492
2. Accrued liabilities (includes claims due and unpaid, consumer choice rollover balance; excludes incurred but not reported claims and reported but unpaid claims)	\$ 19,266	\$ 97,061	\$ 5,680,425	\$ 5,796,752
3. Other current liabilities	\$ 0	\$ 0	\$ 0	\$ 0
4. Restricted reserves (Health Select)			\$ 0	\$ 0
5. Net amount of assets available to cover Plan's liability requirements and reserve needs (1-2-3-4)	\$ 2,114,109	\$ 4,178,041	\$ 43,537,590	\$ 49,829,740
6. Unpaid claims liabilities and reserves, including reserve for claim fluctuation of 150% (250% for STD) of the net underwriting risk component of risk-based capital (RBC) and premium deficiency reserves	\$ 1,217,252	\$ 0	\$ 40,527,963	\$ 41,745,215
7. Net amount of assets, in excess of reserves, available to cover Plan's liability requirements and reserve needs (5-6)	\$ 896,857	\$ 4,178,041	\$ 3,009,627	\$ 8,084,525

¹ Short-term disability is shown separately because it is an employee-pay-all program. The short-term disability benefit assets are the result of past employee contributions exceeding the expenses of the short-term disability benefit plan.

The recommended Plan reserve of \$40.5 million at June 30, 2014 is 93% of the \$43.5 million the County is holding in net assets available as of June 30, 2014 for the health benefit plan (excluding short-term disability and wellness).

2

Unpaid Claim Liabilities as of June 30, 2014

Incurred but Not Reported/Received but Unpaid Claims

The Maricopa County employee benefit plan incurs a liability when a covered employee or dependent receives medical, prescription drug, dental, vision, or behavioral health care that is covered under the terms of the Plan. Actual payment from the trust fund to the provider or to the employee may occur within a few weeks or as much as 12 or more months later. The unpaid claim liability as of the end of an accounting period is essential to accurate measurement of the Plan's financial position. The unpaid claim liability can be divided into these two components:

- RBUC** Received but unpaid claims — those claims already received by the claim administrator that are unpaid as of the measurement date. These claims are also commonly called claims reported in process of adjustment or claims in course of settlement, since the administrator may be requesting additional information needed to adjudicate the claim. Also, the administrator will likely keep several days' worth of claims available so that processing can proceed uninterrupted through fluctuations in the volume of claim receipts.
- IBNR** Incurred but not reported claims — those claims that have not yet been received by the claim administrator as of the measurement date. This is the delay from the date of service until the claim administrator receives the claim form. The term "IBNR" is often used to refer to the entire incurred but unpaid claim liability. Strictly speaking, however, "IBNR" is only the unreported portion of the unpaid claims.

For medical, prescription drug, dental, vision, and behavioral health coverages, the typical actuarial approach to estimating the unpaid claim liability (both the RBUC and IBNR combined) begins with separating each month's paid claim data by month of incurral (the month in which the service was provided). The lag pattern of claim payments — portions paid in the month of incurral, one month after incurral, two months after incurral, and so on — is then used to develop a projection of future payments that will be made on claims that have already been incurred.

The County and its vendors supplied Mercer with reports that divided paid claims by month incurred from August 2009 through July 2014. Separate reports were provided for medical, prescription drug, dental, vision, and behavioral health claims. Separate reports were not provided for retirees versus non-retirees. Although Mercer did not audit the data, Mercer performed high-level comparisons of data provided by the County.

Mercer calculated the unpaid claim estimates from claim data paid through July 31, 2014. There was no appreciable lag in payments for prescription drug claims, as noted in the claim lag data. Almost all payments were made in the month of incurral. The total liability is set to zero.

For medical, prescription drugs, dental, and vision claims incurred through June 2014, the paid run out through July 2014 is sufficient, so that the estimates of claims incurred are based on claims paid and an assumed completion percentage based on past completion patterns.

For behavioral health claims incurred in all but the months of May and June 2014, sufficient claims have been paid so that the estimates of incurred claims are based on claims paid and an assumed completion percentage based on past completion patterns. For the May and June 2014 incurred months, a lesser portion of the claims have been paid through July 2014, so the initial incurred claim estimates that are produced by the development method may vary considerably from reasonable expectations. Therefore, estimates of incurred claims for these months are based on an expected value based on prior months' costs trended forward.

The County holds a separate reserve for adverse claim fluctuation, so Mercer is not recommending any additional margin for adverse deviation be added to the estimate of the liability for incurred but not paid (IBNP) claims.

Claims Due and Unpaid

Claims due and unpaid refers to the claim liability for amounts, if any, shown in the claim lag reports as "paid", but for which the County has not, due to timing, actually paid as of the valuation date. This is normal and routine but can be significant. It could be recognized as an account payable, if the exact amount is known.

The County's benefit payments to the vendors are made daily, weekly, semi-monthly, or monthly. Therefore, the last benefit payment of the month will usually not coincide with the valuation date. For June 2014, the final benefit payments were made at varying points of time depending on the vendor. The following was provided by the County regarding the administration of these claims during the August 1, 2009 through June 30, 2014 time span:

- Medical claims are paid by CIGNA. Claims are reimbursed by the County via a daily bank account payment.
- Prescription drug claims are paid by the pharmacy benefits manager, Catamaran. Effective July 2010, prescription drug invoices have been received semi-monthly by the County, dated the sixteenth of the month and the first of the following month. Prior to that, prescription drug invoices were dated on the fifteenth and the thirtieth. Note: Catamaran acquired the Walgreens pharmacy benefit management business, Walgreens Health Initiatives. The acquisition was finalized June 13, 2011.
- Dental claims are paid by CIGNA. Claims are reimbursed by the County via a bank account payment.

- Vision claims are paid by Avesis for services incurred July 1, 2013 and later. For vision services incurred prior to July 1, 2013, EyeMed Vision Care paid vision claims. Claims are reimbursed by the County bi-monthly via an ACH wire.
- Behavioral health claims are paid by Magellan Health Services. Claims are reimbursed by the County via a weekly ACH wire.

The County has confirmed which amounts shown as paid by the vendor as of June 30, 2014 were actually not paid by the County as of the close of accounting for the period ending June 30, 2014. The County is aware that this is an outstanding liability for the benefit plan and has established an accounting liability to recognize it. Therefore, these adjudicated but unpaid claims are not included in Mercer's estimate of total claims incurred but not paid as of June 30, 2014.

Below is a summary of the estimated unpaid claim liability. In addition to being expressed in dollars, the IBNR/RBUC liabilities are also expressed in months' worth of claims based on the average monthly incurred claims for the most recent three months. The majority of claims unpaid at any point in time are from the most recent three months. This measure of claims adjudication time is independent of medical inflation and changes in enrollment. Details on the unpaid claim liability are in Appendix A.

Claims Incurred but Unpaid as of June 30, 2014

Coverage	IBNR/RBUC	IBNR/RBUC as Months of Incurred Claims
1. Liability for medical claims *	\$ 10,234,621	1.04
2. Liability for prescription drug claims	\$ 0	0.00
3. Liability for dental claims	\$ 553,998	1.73
4. Liability for vision claims	\$ 143,530	1.24
5. Liability for behavioral health claims	\$ 226,157	2.04
6. Subtotal for 1+2+3+4+5	\$ 11,158,306	

*Not adjusted for the approximately \$5.9 million receivable for the overpayment of Cigna Medical Group primary care capitation.

Note that liabilities and reserves for the short-term disability benefit are covered separately in Section 3. Also, the liability for unpaid claim adjustment administrative expense is covered separately in Section 4.

3

Liabilities and Reserves for Short-term Disability Benefits as of June 30, 2014

The Maricopa County STD plan provides benefits up through the twenty-sixth week following the disability date. Benefits commence on the first day of inpatient hospitalization or after a two-week elimination period for which zero benefits are paid. Prior to July 1, 2013, the elimination period was three weeks. The cost for the STD benefit plan is paid entirely by the employees; there is no employer contribution. Benefits are 40%, 50%, or 60% of regular earnings, up to a maximum benefit of \$2,000 per week. Prior to July 1, 2011, there was a 70% of regular earnings benefit option available, but the maximum benefit was limited to \$1,000 per week. The County reports claims to Sedgwick Claims Management Services, Inc., its claims processor. Under typical circumstances, it takes four weeks or more from the date of disability (the date of injury or illness that is the incurral date) before approval is given to begin claims payments. The program's liabilities — benefits that the Plan owes but has not paid as of the valuation date — include the following:

IBNR: The accrued benefits for which the claims processor has not yet received the initial notification as of the valuation date.

RBUC: The accrued benefits for claims for which the claims processor has received the initial notification as of the valuation date, but approval for making the first payment has yet to be made as of the valuation date.

Due and unpaid claims: The accrued benefits for claims that are processed, but actual payment has not been made. Benefit payments for the STD plan are made weekly, typically on Thursdays. For June 2014, which ended on Monday, June 30, Mercer assumes that the payment for Thursday, June 26 was made as of June 30, 2014.

The STD plan also results in the need to establish reserves to cover benefits that the Plan does not yet owe as of the valuation date.

Present value of amounts not yet due on claims: Amounts to be paid for periods of disability that extend beyond the valuation date on claims already incurred, as of the valuation date. For example, for a claimant who has been disabled for 12 weeks as of the valuation date, this is the calculation of the value of the remaining potential 14 weeks of benefit payments. Many claimants will recover and return to work before the benefit expires, so the value of the reserve for this claimant would be less than 14 weeks' worth of benefits. The term "present value" refers to the allowed use of interest discounts to account for the time value of money between the valuation date and the payment date. Because the time difference is brief on this short-term

benefit, no interest discount is taken. However, for long-term disability benefits in which benefits can extend for as much as 40 years following the date of disability, interest discounts are used universally.

Sedgwick provided person-by-person data on STD claimants, including weekly benefit amounts, disablement dates, and benefits paid through dates. Mercer used this to construct a claim lag table to show, for each month of disablements, the development of claim payments by month of payment. This was used to estimate the total of the incurred but unpaid claim liability, plus the reserve for the present value of amounts not yet due. Sedgwick also provided its STD claims metrics reports summarized in the table below:

	July 2012– June 2013	July 2013– June 2014
Average days from disability date to claim notification	8.6 days	10.6 days
Average days from disability date to payment decision	22.8 days	23.8 days
Average claim duration	11.8 weeks	11.6 weeks
Median claim duration	8.6 weeks	8.6 weeks
Average monthly new STD claims approved	35.3 claims	45.9 claims
Average monthly STD claims closed for maximum duration	5.5 claims	6.7 claims
Average monthly STD benefit dollars paid	\$149,542	\$214,094

For July 2013 through June 2014, the reported days from the disability date to claim notification or to payment decision are in work days. Mercer used some of this data to allocate the total among the following components: IBNR, RBUC, due and unpaid, and the present value of amounts not yet due.

The chart below lists the liability and reserve components for the STD benefit plan as of June 30, 2014. In addition to dollars, results are expressed in percent of annual claims, months of claims, and weeks of claims.

	Dollars	Percent of Annual Claims	Months of Claims	Weeks of Claims
IBNR claims	\$ 74,993	2.9%	0.35	1.51
RBUC	\$ 93,387	3.6%	0.44	1.89
Due and unpaid claims (June 30, 2014)	\$ 9,905	0.4%	0.05	0.20
Present value of amounts not yet due	\$ 350,706	13.6%	1.63	7.08
Total STD claim liability and reserve	\$ 528,991	20.5%	2.46	10.68
Total STD claim liability and reserve, excluding due and unpaid	\$ 519,086			

4

Reserve for Unpaid Claims Adjudication Administrative Expense

A separate liability for unpaid claims adjudication administrative expense is calculated. In the event that the self-funded plan is terminated and replaced by a fully insured plan, the Plan could incur a cost for claim administration on the run-out claims, or the Plan could incur a cost for other early termination fees. These fees could vary by coverage.

The County provided contracts for each vendor. Mercer reviewed each current vendor contract for administrative charges related to early termination. The County's current vendor contracts do not have any additional expense for adjudication of claims run out if the contracts were to be terminated. The administrative expenses to provide for adjudication of claims incurred but not paid, as of the valuation date, are covered by the administrative charges already paid to the vendors. However, Mercer recommends that future vendor contracts be monitored for any changes.

Early termination fees related to the onsite pharmacy are no longer applicable. The Take Care Health Center is an onsite pharmacy and clinic operated by Catamaran. Given the onsite pharmacy and clinic were not terminated by the County before the expiration of the original contract, no early termination fees were applicable. Therefore, the reserve is estimated to be \$0 as of the valuation date of June 30, 2014.

5

Stop Loss Insurance and Reserve for Large Claims

The Maricopa County self-funded medical plan purchased specific stop-loss coverage, with an attachment level of \$750,000, effective July 1, 2010. Prior to that, the attachment point was \$200,000. The coverage was on a claims paid basis over the benefit plan year, the 12 months ending June 30. Effective July 1, 2011, the County discontinued its purchase of individual specific stop-loss insurance.

In addition to the risk of large individual claims, the Plan also has the risk that claims in the aggregate will be higher than the amount supported by the funding rates. Although aggregate stop-loss coverage is available for purchase, such protection is typically sold to smaller benefit plans at the 120% or 125% of expected claims level, with 100% of expected being conservatively estimated by the stop-loss insurer. The County does not purchase aggregate stop-loss insurance; Mercer supports this policy. The stability that comes from a program the size of the County's, and the support from the County's reserve for adverse deviation, provide sufficient protection for the aggregate claim risk.

Because of the discontinuance of the purchase of specific stop-loss insurance, the County may wish to consider the establishment of a large claim risk reserve. This would be an allocated amount to smooth the financial effect of the incidence of large claims. A large claim risk reserve fund could be constructed to spread the financial impact across all months of the plan year, as well as across several plan years.

For example, the County could establish a large claims reserve that is based on a portion of the funds not spent on stop-loss premiums, since the County increased the attachment point. The chart below shows the amount of such funds based on two different attachment points.

	Based on a \$400,000 Attachment Point	Based on a \$750,000 Attachment Point
1. Per-employee-per-month (PEPM) expected claim costs	\$34.80	\$15.52
2. June 2014 enrollment in annualized employee-months	137,400	137,400
3. Initial reserve level = 1 x 2	\$4,781,520	\$2,132,448

The PEPM costs shown in the table above are based on Mercer's model of large claims. They are not a projection of stop-loss premiums, which would include expense and risk margins, in addition to the insurer's projection of claims above the attachment point.

The large claim reserve would start on July 1, 2014, at the initial reserve level shown above, with additions based on the rates in the first row of the table above and monthly enrollment. The reserve could be allowed to accumulate until it reached an amount that was equal to three years' worth of the PEPM premium rate. The monthly amounts going into the large claim fund would be treated similar to fixed costs, such as stop-loss insurance premiums previously paid to Symetra. Recoveries from the large claim reserve would be treated similar to stop-loss recoveries. Over the long term, payments to the large claim reserve fund, and recoveries from it, would be equal, but net payments in any particular year would not be equal.

Mercer has included a recommended large claims reserve based on the \$400,000 attachment point. Establishing a specific reserve to be adjusted by large claims is a policy decision for the County to consider which would provide enhanced protection against the impact of individual large claims over time.

6

Reserve for Excess COBRA Expense

When former employees elect to continue their benefits under COBRA, they pay 102% of the total premium — the sum of their contribution as an employee, plus the County's share. This amount is not expected to cover the costs of the benefits because, on average, those who elect a COBRA extension of benefits have higher than average claims. The COBRA reserve is the expected shortfall of premium compared to expenses for all of those who are on the COBRA extension of benefits as of the valuation date. Since these persons are no longer rendering service as employees, the expected shortfall is recognized at the valuation date rather than over the future (up to 18, 29, or 36) months, depending on the particular circumstance that triggered COBRA eligibility.

Mercer used the average of the County's last six months of COBRA enrollment ending June 2014, COBRA specific premiums for FY15, and actual information provided by the County's COBRA administrator to determine expected average duration on COBRA. Since, at any given time, people may be beginning, continuing, or exiting their COBRA enrollment, Mercer assumed the COBRA population is, on average, halfway through its time on COBRA.

Since COBRA claims data is not tracked separately from that of active employees and retirees, average claim and expense levels beyond the COBRA premium received could not be determined for the County's COBRA population specifically. Mercer is not recommending that the County begin collecting data on COBRA expenses separately from the active employee data. Based on industry studies and Mercer experience with other self-funded benefit programs, Mercer assumed the COBRA population experiences claim and expense levels 50% greater than the COBRA premium.

The American Recovery and Reinvestment Act of 2009 provided a temporary premium subsidy for those on COBRA extension of benefits. The time period for that subsidy has now expired, so all current persons now on COBRA are paying the full COBRA premium.

As of June 30, 2014, the reserve for excess COBRA expense is \$195,703. This reserve is for the expected excess of medical and administrative expense compared to premium for periods beyond the valuation date for those who have elected COBRA coverage as of the valuation date. The IBNR/RBUC and due and unpaid liabilities incurred as of June 30, 2014 for those on COBRA are already included as part of the respective IBNR/RBUC and due and unpaid liabilities.

Excess COBRA expense reserves for future valuation dates will be different from the June 30, 2014 reserve due to changes in the number of employees with COBRA qualifying events, changes in the portion of those who elect COBRA coverage out of those eligible, and changes in the length of time that they continue their COBRA coverage.

7

Reserve for Adverse Claim Fluctuation

The Plan has the risk that claims in the aggregate will be higher than the amount supported by the funding rates. Accordingly, the Plan should have funds available in addition to the funds covering the unpaid claims liabilities to cover the risk of adverse claim fluctuation.

For the June 30, 2014 reserve for adverse claim fluctuation, Mercer recommends the County hold an amount based on the formula for RBC requirements for health insuring organizations, as promulgated by the National Association of Insurance Commissioners (NAIC). The NAIC uses a RBC formula to alert regulators of health insurers when the level of free surplus warrants increased regulatory scrutiny. Mercer used the underwriting risk component of the RBC formula, the portion of the formula that covers the volatility of the risk — whether the actual cost will be covered by the accrual rates estimated to cover the cost. As the sponsor of a self-funded health benefit plan, the County faces an underwriting risk similar to that which an insurance company would face. The underwriting risk reserve shown below is for the combination of active and retired employees, as well as those on COBRA continuation of benefits.

In Mercer's opinion, it is appropriate for the County to target 150% of the company action level (CAL) RBC underwriting risk component for the underwriting risk reserve, although there is no requirement that the County hold such a reserve. Mercer notes that, for the 2013 financial reports filed with the NAIC, 86% of health insurers have surplus of 150% of CAL or more. The County will continue to recognize the reserve for large claims that supports their decision not to purchase individual stop loss insurance. The County will monitor reserve levels. The result of the RBC calculation for health benefits other than STD is \$17,031,381 at the 150% CAL level and \$11,354,254 at the 100% CAL level.

For STD benefits, the County is targeting 250% of the CAL RBC underwriting risk component for the underwriting risk reserve. In Mercer's opinion, this is appropriate for this benefit, which is funded entirely by employee-contributions. The result of the RBC calculation for STD benefits is \$334,330 at the 250% CAL level, \$200,598 at the 150% CAL level, and \$133,732 at the 100% CAL level. Details on the reserve for adverse claim fluctuation are in Appendix C.

For the health benefits other than STD, the 100% CAL RBC reserve is equivalent to 9.1% of paid claims for the 12 months ending June 30, 2014. As a minimum reserve for adverse claim fluctuation, Mercer recommends that the County hold 100% of CAL RBC. This amount is similar to the surplus requirement that insurance companies must maintain to avoid extra scrutiny by state insurance departments, which can culminate in supervision by the insurance department and even liquidation in extreme cases. If benefit plan claims are expected to increase from year to year, whether from inflation in costs of services, increases in utilization, or increases in the

number of covered persons, then the 100% CAL RBC would be expected also to increase as a dollar amount from year-to-year.

For health benefits other than STD, the recommended reserve of 150% of CAL is 13.7% of paid claims for the 12 months ending June 30, 2014. The 150% CAL reserve provides substantial protection in the event that claims were to exceed the levels provided for by the accrual rates. The chance that all of this reserve amount would be needed in the coming fiscal year is remote, but the chance that some portion would be needed is decidedly higher.

The RBC-based recommended reserve for STD continues to be 250% of CAL, since the employee-pay-all STD plan cannot look to the County to fund any future revenue shortfalls. This is 13.0% of claims paid in the 12 months ending June 30, 2014.

8

Premium Deficiency Reserve

A premium deficiency reserve (PDR) is the additional reserve (beyond the IBNR/RBUC and due and unpaid) to be recognized when the expected future incurred benefit and administrative costs exceed the premiums to be collected for the remainder of a contract period. This can include both planned drawdowns of reserve funds and unplanned amounts that result from emerging experience being higher than expected as allowed in the premium rates.

A PDR would need to be established if the future premiums for a rate effective period are expected to be insufficient to cover future claims and expenses. The accrual rates for FY15 for the various coverages were set based on claim data paid through July 2013, so there is a gap of 11 months between the end of the experience period and the beginning of the rate effective period. If the analysis of experience data through July 2014 were to result in estimates of FY15 claims and expenses that exceeded the FY15 premium accrual rates, then a PDR would be used to set apart a portion of plan assets, as of June 30, 2014, to account for the deficiency until new premium accrual rates would go into effect, as of July 1, 2015, that would be expected to cover claims and expenses.

In determining the need for a PDR, Mercer analyzed the STD benefit separately from the other health benefits. STD benefits are and have been funded entirely from employee contributions, so STD benefit fund assets are accounted for separately compared to those for the other health benefits.

The other health benefits are analyzed in the following categories:

- Each medical benefit option
- Pharmacy drugs
- Behavioral health
- Dental benefits
- Vision benefits

Although separate premium accrual rates are determined for each medical benefit option, for prescription drugs, and for behavioral health, the employee elects a package that includes the combination of medical, drug, and behavioral health coverage. The dental and vision coverages have separate premium accrual rates, and employees can elect these coverages with or without medical coverage. However, the vast majority of those employees who elect dental and vision coverage also elect medical benefits. Because of this, and the fact that a substantial portion of the cost of all of these benefits is paid by the County, the PDR calculation combines the effect of all health benefits other than STD. Therefore, if some coverages are expected to have

premiums fully cover claims and expenses, then any excess would serve to reduce the PDR from the coverages for which there is a projected deficit.

Typically, a PDR would be established when emerging experience reveals an unintended deficiency of future premiums covering future claims and expenses. Also, if premium accrual rates were intentionally set to be less than the expected claims and expenses, a planned PDR would be established. The amount of a PDR, whether for an intended or unintended deficiency, would be expected to be amortized over the course of the rate effective period.

For health benefits other than STD, emerging experience is showing that the expected FY15 expenses would exceed premiums by \$7,361,053. This estimate is based on July 2014 enrollment, known levels of FY15 administrative expense charges, and projected FY15 claims based on experience through July 2014 payments (with credit given on the base for the CIGNA primary care subcapitation that was overpaid). The claim experience of the medical and pharmacy benefits is driving the calculation. The projected FY15 costs for behavioral health, dental, and vision benefits are each lower than the respective FY15 accrual premiums or, for behavioral health, premium component. The annual trend rates below were used in the development of the PDR.

Medical – CIGNA Medical Group	4.00%
Medical – UHC PPO	7.00%
Medical – UHC HSA (includes pharmacy, behavioral health)	13.00%
Medical composite	6.88%
Pharmacy	7.50%
Behavioral health	9.50%
Dental	2.75%
Vision	6.55%
Short-term disability	0.00%

For short-term disability, the premium rates are factors that vary by the 40%, 50%, or 60% of covered pay benefit level. When pay increases, the STD premiums automatically increase, so the 0% annual trend rate shown in the chart above is not a projection that STD costs will not increase on an absolute dollar basis. For STD benefits, emerging experience is showing that the expected FY15 expenses would exceed premiums by \$353,931. This estimate is based on July 2014 enrollment, known levels of FY15 administrative expense charges, and projected FY15 claims based on experience through July 2014 payments. The claim experience of the 60% benefit is driving the calculation. The projected FY15 costs for the 40% and 50% benefit levels are each lower than the respective FY15 accrual premiums.

As of June 30, 2013, a PDR for STD benefits was established in the amount of \$1,000,000. Of that, \$800,000 was for a premium deficiency during FY14, with the remaining \$200,000 for an

expected deficiency during FY15, during which the premiums were expected to cover claim costs but not to cover administrative expense.

The actual deficit of FY14 premiums compared to expenses, which confirms the need for a PDR having been established as of June 30, 2013, is shown below:

	60% Benefit	50% Benefit	40% Benefit	Total
A. Premiums for FY 14	\$1,538,771	\$354,231	\$156,918	\$2,049,919
B. Claims paid in FY 14	\$2,168,271	\$309,656	\$ 97,295	\$2,575,222
C. Administrative expenses paid in FY14	\$ 198,658	\$ 48,151	\$ 22,754	\$ 269,563
D. Total paid expenditures = B + C	\$2,366,929	\$357,807	\$120,049	\$2,844,785
E. IBNP and reserves at 6/30/2014	\$ 466,043	\$ 45,819	\$ 17,128	\$ 528,991
F. IBNP and reserves at 6/30/2013	\$ 328,002	\$ 33,541	\$ 8,394	\$ 369,938
G. Accrued expense for FY14 = D + E – F	\$2,504,970	\$370,085	\$128,783	\$3,003,838
H. Excess or (deficit) of FY14 premiums over expense = A – G	(\$966,199)	(\$15,854)	\$ 28,134	(\$953,919)

Mercer's understanding is that FY16 premium rates for all benefits will be established to be at the level needed to cover expected FY16 costs, so a separate PDR for FY16 will not need to be established as of June 30, 2014. Although initial work on the premium rates for FY16 is currently in progress, final rates have not been determined. When the rates are finalized, a PDR for FY16 could be established if those rates are expected not to cover the costs in FY16.

The table below summarizes the PDRs to be established as of June 30, 2014:

	PDR for FY15	PDR for FY16 and Future Years	Total PDR
Benefits other than STD	\$7,361,053	\$0	\$7,361,053
Short-term disability	\$ 353,931	\$0	\$ 353,931
Total	\$7,714,984	\$0	\$7,714,984

9

Reserve for Performance Incentives

In FY11 and prior, the County provided financial incentives to vendors for reaching specified goals. There are also performance guarantees that only penalize for not reaching targets or are fees at risk. These are not included in the liability for performance incentives, since they do not represent an additional cost to the County. In contrast, performance-based incentives would require the County to make additional payments to its vendors.

The liability for performance incentives can be considered in two ways: the maximum potential incentives and the earned but unpaid incentives. The earned but unpaid incentives would include any targets that have already been measured and are known to have been achieved, but no payment has been made. The County has communicated that it has no such liability. However, for FY11 and prior, the County was liable for potential incentives as described in the contracts with their vendors.

Mercer reviewed the current and historical negotiated vendor contracts provided by the County to determine the maximum potential performance incentives. The majority of the incentives between FY09 through FY10 are associated with CIGNA's medical administration. There are incentives for a range of services, including pharmacy, claim risk, administrative, customer service, and wellness metrics. There are additional incentives for CIGNA's dental program and Walgreens Health Initiatives' pharmacy administration. After reviewing the renegotiated contracts, it was determined that the incentives for FY09 would remain the same for FY10. In FY11, the performance incentives within the CIGNA contracts changed significantly from prior years. CIGNA agreed to contracts that remove any performance incentives. However, the Walgreens Health Initiatives contract continued to include performance incentives for FY11. Mercer recommended that the County consider removing these remaining incentives in future contracts. After reviewing the renegotiated contracts for FY12, it was determined that all contractors agreed to contracts that remove any performance incentives. This has continued with no performance incentives included in the current vendor contracts as of June 30, 2014.

The maximum potential performance incentives could include incentives in the FY11 and prior contracts that have not been reviewed. The County confirmed there are no remaining potential performance incentives from FY11 or prior vendor contracts.

10

Actuarial Certification

Mercer has prepared this report exclusively for Maricopa County; Mercer is not responsible for reliance upon this report by any other party. Subject to this limitation, the County may direct that this report be provided to its auditors in connection with audits of the benefits plan or its sponsoring entities. These calculations were prepared using generally accepted actuarial methods and procedures. In particular, the estimated liability for claims incurred but not paid was prepared in accordance with Actuarial Standard of Practice No. 5: Incurred Health and Disability Claims. The information presented in this report is based on actuarial assumptions and reasonable expectations that represent Mercer's best estimate of anticipated experience under the plans based upon:

- Enrollment and other data provided by Maricopa County.
- Claim payments as reported by CIGNA, United Healthcare, Avesis, Magellan Health Services, Catamaran, and Sedgwick Claims Management Services, Inc.

All estimates are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use.

Mercer is available to answer any questions on the material contained in this report or to provide explanations or further details, as may be appropriate. The undersigned credentialed actuaries meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. Mercer is not aware of any direct or material indirect financial interest or relationship, including investments or other services, that could create a conflict of interest that would impair the objectivity of our work.



F. Kevin Russell, FSA, MAAA



Ann Marie Janusek, ASA, MAAA

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

APPENDIX A

Details on the Unpaid Claim Liability

Maricopa County CIGNA Total Medical Lag Table and IBNP Development

Lag	Month Incurred													
	Aug-09 - Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Total
0	\$112,909,552	\$2,310,283	\$2,904,137	\$2,730,009	\$2,980,740	\$2,673,035	\$2,595,156	\$3,178,423	\$2,346,979	\$3,111,955	\$3,118,409	\$3,382,827	\$3,285,594	
1	\$161,552,638	\$4,180,991	\$3,890,076	\$4,332,060	\$3,387,519	\$3,442,148	\$3,868,713	\$4,539,725	\$4,473,984	\$4,070,852	\$4,745,851	\$4,535,963	\$5,153,758	
2	\$40,972,772	\$525,001	\$856,545	\$758,508	\$959,562	\$1,403,099	\$1,221,165	\$1,404,308	\$959,630	\$829,773	\$748,254	\$1,322,858		
3	\$13,971,116	\$203,230	\$243,899	\$309,221	\$176,093	\$164,369	\$226,628	\$568,599	\$725,451	\$169,847	\$512,935			
4	\$7,845,466	\$105,047	\$120,978	\$95,060	\$134,483	\$228,638	\$151,758	\$170,534	\$122,416	\$240,745				
5	\$4,053,667	\$36,575	\$40,916	\$63,202	\$92,545	\$22,779	\$76,075	\$124,874	\$32,413					
6	\$2,640,433	\$20,819	\$7,067	\$38,805	\$155,660	\$5,235	\$94,913							
7	\$1,109,333	\$4,468	\$9,097	\$15,008	\$11,290	\$5,235	\$22,996							
8	\$756,396	\$7,062	\$14,696	\$9,889	\$2,747	\$27,527								
9	\$126,798	\$3,387	\$4,979	\$2,608	\$24,330									
10	\$1,422,446	\$11,326	\$5,855	(\$2,481)										
11	(\$78,932)	\$11,906	\$9,115											
12	\$133,643	\$5,963												
13+	(\$879,173)													
Total Incurred and Paid-to-Date:	\$346,536,154	\$7,426,057	\$8,107,160	\$8,351,889	\$7,924,969	\$7,965,770	\$8,247,404	\$10,032,295	\$8,560,873	\$8,423,172	\$9,125,449	\$9,241,649	\$8,439,353	\$448,382,194
Estimated Completeness:	100.04%	100.07%	100.02%	99.97%	99.90%	99.84%	99.67%	99.61%	99.25%	98.53%	96.76%	93.70%	82.08%	
Estimated Incurred:	\$346,391,711	\$7,421,163	\$8,105,456	\$8,354,488	\$7,932,634	\$7,978,792	\$8,274,677	\$10,071,231	\$8,625,742	\$8,548,948	\$9,430,530	\$9,863,169	\$10,282,099	\$451,280,659
Estimated IBNR Still Outstanding at 7/31/2014:	(\$144,443)	(\$4,894)	(\$1,704)	\$2,599	\$7,666	\$13,021	\$27,273	\$38,935	\$64,869	\$125,776	\$305,081	\$621,521	\$1,842,746	\$2,898,446
Claims Runout Paid After 6/30/2014:	(\$58,815)	\$5,963	\$9,115	(\$2,481)	\$24,330	\$27,527	\$22,996	\$44,832	\$32,413	\$240,745	\$512,935	\$1,322,858	\$5,153,758	\$7,336,175
Estimated Retrospective IBNR at 6/30/2014:	(\$203,258)	\$1,068	\$7,411	\$118	\$31,996	\$40,548	\$50,269	\$83,767	\$97,282	\$366,521	\$818,016	\$1,944,379	\$6,996,504	\$10,234,621

Source data from CIGNA.
This lag triangle uses calculations with claims data paid through July 2014.

Source data from CIGNA.
This lag triangle uses calculations with claims data paid through July 2014.

Source data from CIGNA
This lag triangle uses calculations with claims data paid through July 2014.

Maricopa County CIGNA CFHSA Medical Lag Table and IBNP Development

Lag	Month Incurred												
	Aug 09 - Jun 13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
0	\$9,513,502	\$289,567	\$477,628	\$555,530	\$577,842	\$536,658	\$561,347	\$673,578	\$575,399	\$661,644	\$771,259	\$744,369	\$867,862
1	\$11,126,011	\$574,834	\$451,728	\$621,803	\$603,342	\$687,524	\$589,184	\$822,324	\$760,908	\$860,261	\$906,375	\$866,614	\$1,045,241
2	\$2,882,513	\$110,500	\$86,895	\$216,501	\$250,244	\$137,056	\$374,775	\$389,597	\$160,353	\$256,047	\$226,428	\$211,703	
3	\$872,000	\$39,316	\$26,894	\$56,108	\$43,643	\$34,195	\$26,593	\$49,142	\$84,061	\$25,919	\$127,530		
4	\$872,749	\$83,318	\$53,245	\$12,156	\$96,424	\$83,803	\$58,836	\$81,420	\$71,271	\$133,296			
5	\$550,160	\$481	\$2,899	\$9,676	\$74,008	\$11,557	\$6,677	\$40,958	(\$8,552)				
6	\$264,183	\$1,541	\$728	\$5,215	(\$24,562)	\$5,517	\$12,730	\$24,200					
7	\$97,177	(\$1,457)	\$2,556	\$1,548	\$2,014	\$5,517	\$2,963						
8	\$49,011	\$279	\$2,032	\$229	\$872	\$895							
9	\$34,352	\$506	\$219	(\$4,865)	\$456								
10	\$53,791	\$630	(\$1,168)	(\$3,770)									
11	(\$64)	\$427	\$1,740										
12	(\$44,327)	\$1,186											
13+	(\$66,997)												
Total Incurred and Paid-to-Date:	\$26,304,060	\$1,081,128	\$1,106,495	\$1,470,131	\$1,624,283	\$1,478,378	\$1,633,105	\$2,081,219	\$1,643,438	\$1,757,166	\$2,031,592	\$1,822,866	\$1,917,103
Estimated Completeness:	100.00%	99.84%	99.84%	99.84%	99.69%	99.70%	99.60%	99.37%	99.02%	97.97%	93.67%	90.60%	77.89%
Estimated Incurred:	\$26,303,090	\$1,082,817	\$1,108,263	\$1,472,545	\$1,629,256	\$1,482,864	\$1,639,671	\$2,094,353	\$1,659,744	\$1,793,653	\$2,188,953	\$2,011,861	\$2,461,205
Estimated IBNR Still Outstanding at 7/31/2014:	(\$970)	\$1,689	\$1,768	\$2,414	\$4,973	\$4,487	\$6,566	\$13,134	\$16,306	\$36,487	\$137,361	\$189,175	\$544,103
Claims Runout Paid After 6/30/2014:	\$1,718	\$1,186	\$1,740	(\$3,770)	\$456	\$895	\$2,963	\$24,200	(\$8,552)	\$133,296	\$127,530	\$211,703	\$1,049,241
Estimated Retrospective IBNR at 6/30/2014:	\$748	\$2,876	\$3,507	(\$1,357)	\$5,429	\$5,382	\$9,529	\$37,394	\$7,753	\$169,782	\$264,890	\$400,878	\$1,593,344
													\$2,500,096

Source data from CIGNA
This lag triangle uses calculations with claims data paid through July 2014.

Source data from Catamaran. Dates of payment have been adjusted based on review of Maricopa County's paid invoices. This lag triangle uses calculations with claims data paid through July 2014.

Source data from CIGNA.
This lag triangle uses calculations with claims data paid through July 2014.

Maricopa County Avesis Vision Lag Table and IBNP Development

Lag	Month Incurred													
	Aug 09 - Jun 13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	
0	\$2,606,235	\$16,927	\$40,699	\$15,528	\$32,417	\$23,848	\$15,919	\$28,338	\$20,931	\$28,578	\$19,034	\$25,710	\$25,005	
1	\$2,512,743	\$124,067	\$90,839	\$84,167	\$50,738	\$53,000	\$59,826	\$54,425	\$58,958	\$57,827	\$66,382	\$65,712	\$113,015	
2	\$281,721	\$6,165	\$9,471	\$5,017	\$10,693	\$4,750	\$5,366	\$4,502	\$5,060	\$9,519	\$5,524	\$4,662		
3	\$47,079	\$1,545	\$2,231	\$475	\$1,691	\$2,225	\$1,165	\$508	\$830	\$1,698	\$897			
4	\$13,002	\$1,650	\$253	\$476	\$1,639	\$70	\$35	\$390	\$365	\$390				
5	\$5,970	\$441	\$1,070	\$1,570	\$305	\$50	\$2,718	\$185	\$130					
6	\$6,827	\$2,750	\$2,165	\$385	\$166	\$766	\$30	\$70						
7	\$6,405	\$1,420	\$300	\$260	\$115	\$10	\$100							
8	\$5,931	\$270	\$330	\$130	\$65	\$40								
9	\$4,608	\$250	\$0	\$0	\$100									
10	\$2,889	\$0	\$0	\$0										
11	\$2,198	\$0	\$0											
12	\$3,452	\$130												
13+	\$73													
Total Incurred and Paid-to-Date:														
Estimated Completeness:	\$5,499,135	\$155,615	\$147,359	\$108,008	\$97,929	\$84,760	\$85,158	\$88,472	\$87,274	\$98,012	\$91,837	\$96,103	\$138,019	\$6,777,681
Estimated Incurred:	100.00%	100.01%	99.99%	99.97%	99.96%	99.92%	99.84%	99.61%	99.12%	98.51%	97.93%	96.71%	89.68%	
Estimated IBNR Still	\$5,499,135	\$155,606	\$147,368	\$108,035	\$97,969	\$84,830	\$85,293	\$88,821	\$88,051	\$99,494	\$93,780	\$99,374	\$153,902	\$6,801,658
Outstanding at 7/31/2014:	\$0	(\$9)	\$9	\$27	\$41	\$70	\$135	\$348	\$777	\$1,482	\$1,943	\$3,271	\$15,883	\$23,977
Claims Runout Paid After 6/30/2014:	\$0	\$130	\$0	\$0	\$100	\$40	\$100	\$70	\$130	\$390	\$897	\$4,882	\$113,015	\$119,553
Estimated Retrospective IBNR at 6/30/2014:	\$0	\$121	\$9	\$27	\$141	\$110	\$235	\$418	\$907	\$1,872	\$2,840	\$7,953	\$128,897	\$143,530

Source data from Excelled for claims incurred through June 30, 2013 and from Avesis for claims incurred beginning July 1, 2013. This lag triangle uses calculations with claims data paid through July 2014.

Source data from Magellan.
This lag triangle uses calculations with claims data paid through July 2014.

Maricopa County
CIGNA Total Medical

Month	Total Paid in Month	Total Incurred in Month and Paid-to-Date	Estimated Completeness - Used in Model	Total Incurred	IBNR This Month Only	Retrospective IBNR	Retrospective of Incurred Claims in Last Three Months	Employees	Incurred per Employee per Month	Rolling 12 Mo Avg Incurred Per-Employee-Per-Month	Rolling 12 Mo Trend	Rolling 3 Mo Avg Incurred Per-Employee-Per-Month	Rolling 3 Mo Trend
Prior Months					-\$5,940								
Aug-11	\$9,176,764	\$7,474,066	1.0001	\$7,473,081	-\$985	\$6,878,720		11,117	\$672.22				
Sep-11	\$7,632,663	\$8,240,700	1.0001	\$8,239,555	-\$1,146	\$7,485,612		11,084	\$743.37			\$682.20	
Oct-11	\$6,905,767	\$7,022,896	1.0002	\$7,021,832	-\$1,064	\$7,601,676	1.00	11,128	\$631.01			\$661.37	
Nov-11	\$6,228,980	\$6,796,460	1.0002	\$6,795,392	-\$1,068	\$8,168,087	1.11	11,145	\$609.73			\$623.76	
Dec-11	\$6,348,368	\$7,035,473	1.0002	\$7,034,291	-\$1,182	\$8,854,010	1.27	11,156	\$630.54			\$618.71	
Jan-12	\$7,547,043	\$6,889,183	1.0002	\$6,887,841	-\$1,342	\$8,194,808	1.19	11,184	\$615.87			\$646.54	
Feb-12	\$7,741,620	\$7,732,606	1.0002	\$7,730,887	-\$1,719	\$8,184,075	1.13	11,152	\$693.23			\$666.92	
Mar-12	\$7,934,400	\$7,740,760	1.0003	\$7,738,513	-\$2,247	\$7,988,188	1.07	11,188	\$691.68			\$680.63	
Apr-12	\$7,768,433	\$7,369,841	1.0004	\$7,366,728	-\$3,113	\$7,586,483	1.00	11,213	\$656.98			\$709.07	
May-12	\$6,765,656	\$8,778,853	1.0005	\$8,774,285	-\$4,569	\$9,595,111	1.21	11,270	\$778.55			\$724.15	
Jun-12	\$9,927,119	\$8,310,414	1.0007	\$8,305,004	-\$5,410	\$7,972,996	0.98	11,270	\$736.91			\$730.15	
Jul-12	\$6,253,570	\$7,565,525	1.0006	\$7,560,656	-\$4,869	\$7,280,082	0.89	11,201	\$675.00	\$677.32		\$715.84	
Aug-12	\$8,261,515	\$8,147,670	1.0007	\$8,141,834	-\$5,837	\$7,160,401	0.89	11,068	\$735.62	\$683.21		\$683.78	
Sep-12	\$7,875,512	\$7,168,591	1.0008	\$7,162,704	-\$5,887	\$6,447,592	0.85	11,179	\$640.73	\$674.65		\$683.83	2.0%
Oct-12	\$7,623,191	\$7,996,912	1.0009	\$7,989,719	-\$7,193	\$6,814,121	0.88	11,235	\$711.15	\$681.33		\$669.80	1.3%
Nov-12	\$6,971,547	\$7,417,657	1.0011	\$7,409,700	-\$7,958	\$7,252,274	0.96	11,269	\$657.53	\$685.31		\$659.81	5.8%
Dec-12	\$6,920,875	\$6,999,901	1.0011	\$6,992,231	-\$7,670	\$7,223,630	0.97	11,285	\$610.74	\$683.67		\$681.40	10.1%
Jan-13	\$8,243,101	\$9,721,884	1.0013	\$8,710,561	-\$11,323	\$7,691,090	1.00	11,226	\$775.93	\$697.00		\$676.73	4.7%
Feb-13	\$6,742,469	\$7,273,726	1.0014	\$7,263,402	-\$10,324	\$8,212,023	1.06	11,287	\$643.52	\$692.86		\$695.73	4.3%
Mar-13	\$8,165,086	\$7,561,730	1.0015	\$7,550,112	-\$11,618	\$7,597,049	0.97	11,307	\$667.74	\$690.87		\$684.21	0.5%
Apr-13	\$8,443,243	\$8,410,129	1.0018	\$8,395,317	-\$14,812	\$7,549,122	0.98	11,324	\$741.37	\$697.90		\$695.01	-2.0%
May-13	\$8,478,643	\$7,857,719	1.0017	\$7,844,543	-\$13,176	\$6,715,023	0.85	11,310	\$675.91	\$689.35		\$708.11	-2.2%
Jun-13	\$7,600,081	\$8,010,569	1.0017	\$7,996,576	-\$13,993	\$7,111,518	0.89	11,310	\$707.04	\$686.86		\$692.10	-3.3%
Jul-13	\$7,148,448	\$7,426,057	1.0007	\$7,421,163	-\$4,894	\$7,384,232	0.96	11,344	\$654.19	\$685.12	1.1%	\$679.05	-7.0%
Aug-13	\$8,361,425	\$8,107,160	1.0002	\$8,105,456	-\$1,704	\$7,128,264	0.91	11,335	\$715.08	\$683.41	0.0%	\$692.10	0.0%
Sep-13	\$7,520,154	\$8,351,889	0.9997	\$8,354,488	\$2,599	\$7,962,597	1.00	11,373	\$734.59	\$691.23	2.5%	\$701.29	2.6%
Oct-13	\$8,799,457	\$7,924,969	0.9990	\$7,932,634	\$7,666	\$7,095,774	0.87	11,396	\$686.09	\$689.98	1.3%	\$715.25	2.8%
Nov-13	\$7,332,177	\$7,965,770	0.9984	\$7,978,792	\$13,021	\$7,742,389	0.96	11,427	\$698.24	\$693.37	1.2%	\$709.64	5.9%
Dec-13	\$7,530,530	\$8,247,404	0.9967	\$8,274,677	\$27,273	\$8,486,537	1.05	11,435	\$723.63	\$702.78	2.8%	\$705.99	7.0%
Jan-14	\$8,740,591	\$10,032,295	0.9961	\$10,071,231	\$38,935	\$9,817,176	1.12	11,443	\$680.12	\$711.46	2.1%	\$767.33	12.6%
Feb-14	\$8,660,050	\$8,560,873	0.9925	\$8,625,742	\$64,869	\$9,782,868	1.09	11,458	\$752.81	\$720.57	4.0%	\$785.52	16.1%
Mar-14	\$9,541,764	\$8,423,172	0.9653	\$8,548,948	\$125,776	\$8,790,053	0.97	11,454	\$746.37	\$727.12	5.2%	\$793.10	14.0%
Apr-14	\$9,037,002	\$9,125,449	0.9676	\$9,430,530	\$305,081	\$9,183,581	1.04	11,472	\$622.05	\$733.84	5.2%	\$773.74	13.1%
May-14	\$10,003,729	\$9,241,649	0.9370	\$9,863,169	\$621,521	\$9,043,021	0.97	11,492	\$658.26	\$749.04	8.7%	\$808.89	16.4%
Jun-14	\$9,080,498	\$8,439,353											
Jul-14	\$8,939,012	\$1,502,837	0.8208	\$10,282,099	\$1,842,746	\$10,234,621	1.04	11,450	\$898.00	\$764.95	11.4%	\$859.44	21.4%
Total		\$279,672,142		\$280,973,691	\$2,898,446								

Source data from CIGNA.

Trend rates include the effect of subscriber movement between benefit plans as well as the impact of high cost claims.

Maricopa County
CIGNA CMG Medical

Month	Total Paid in Month	Total Incurred in Month and Paid-to-Date	Estimated Completeness - Used in Model	Total Incurred	IBNR This Month Only	Retrospective IBNR	Retrospective IBNR - In Terms of Incurred Claims in Last Three Months	Employees	Incurred per Employee per Month	Rolling 12 Mo Avg Incurred Per-Employee-Per-Month	Rolling 12 Mo Trend	Rolling 3 Mo Avg Incurred Per-Employee-Per-Month	Rolling 3 Mo Trend
Prior Months					-\$396								
Aug-11	\$3,982,348	\$3,257,978	1.0000	\$3,257,856	-\$122	\$2,452,539		4,975	\$654.85				
Sep-11	\$3,258,925	\$4,305,429	1.0001	\$4,305,097	-\$332	\$3,498,711		4,962	\$867.61				
Oct-11	\$2,893,704	\$2,762,830	1.0001	\$2,762,593	-\$237	\$3,427,600	1.00	4,983	\$554.40			\$692.29	
Nov-11	\$2,198,066	\$3,151,057	1.0001	\$3,150,766	-\$291	\$4,380,289	1.29	4,998	\$630.41			\$684.14	
Dec-11	\$2,739,239	\$3,484,085	1.0001	\$3,483,762	-\$321	\$5,124,822	1.64	4,993	\$697.73			\$627.51	
Jan-12	\$3,819,322	\$3,296,212	1.0001	\$3,295,839	-\$373	\$4,601,339	1.39	5,006	\$658.38			\$662.17	
Feb-12	\$4,015,072	\$3,288,298	1.0001	\$3,287,896	-\$402	\$3,874,164	1.15	4,982	\$659.96			\$672.02	
Mar-12	\$3,539,177	\$3,458,980	1.0002	\$3,458,181	-\$799	\$3,793,168	1.13	4,986	\$692.19			\$670.17	
Apr-12	\$3,350,730	\$3,268,604	1.0004	\$3,267,279	-\$1,326	\$3,709,717	1.11	4,999	\$653.59			\$668.58	
May-12	\$3,572,082	\$4,139,090	1.0005	\$4,137,111	-\$1,980	\$4,274,745	1.18	5,020	\$824.13			\$723.30	
Jun-12	\$3,988,988	\$3,434,899	1.0005	\$3,433,165	-\$1,734	\$3,718,923	1.03	5,020	\$683.90			\$720.54	
Jul-12	\$3,991,005	\$4,378,442	1.0005	\$4,376,107	-\$2,335	\$4,104,024	1.03	6,011	\$728.02	\$692.10		\$745.35	
Aug-12	\$4,635,056	\$4,264,337	1.0006	\$4,261,599	-\$2,738	\$3,730,567	0.93	5,951	\$716.11	\$879.44		\$709.34	
Sep-12	\$4,158,054	\$3,946,624	1.0008	\$3,943,649	-\$2,975	\$3,516,162	0.84	6,026	\$654.44	\$679.20		\$698.52	
Oct-12	\$3,901,542	\$3,843,065	1.0009	\$3,839,678	-\$3,387	\$3,254,298	0.82	6,067	\$599.91	\$683.23		\$695.82	-5.1%
Nov-12	\$3,222,469	\$3,779,183	1.0012	\$3,774,627	-\$4,556	\$3,806,457	1.01	6,093	\$619.50	\$682.32		\$624.62	-8.7%
Dec-12	\$3,665,021	\$3,329,957	1.0013	\$3,325,632	-\$4,325	\$3,467,067	0.97	6,095	\$545.63	\$689.65		\$686.35	-6.2%
Jan-13	\$4,192,503	\$4,027,035	1.0013	\$4,021,921	-\$5,114	\$3,296,485	0.89	6,077	\$661.83	\$669.93		\$608.99	-8.0%
Feb-13	\$3,261,436	\$3,616,633	1.0016	\$3,610,999	-\$5,634	\$3,646,048	1.00	6,114	\$590.61	\$664.15		\$599.36	-10.9%
Mar-13	\$4,302,597	\$3,930,624	1.0018	\$3,923,506	-\$7,118	\$3,266,957	0.85	6,111	\$642.04	\$659.98		\$631.49	-5.8%
Apr-13	\$3,964,592	\$3,970,549	1.0019	\$3,962,971	-\$7,577	\$3,265,346	0.85	6,112	\$648.39	\$659.54		\$627.01	-6.2%
May-13	\$3,844,162	\$3,386,423	1.0021	\$3,379,355	-\$7,068	\$2,800,539	0.75	6,099	\$554.08	\$637.04		\$614.84	-15.0%
Jun-13	\$3,693,832	\$3,717,527	1.0020	\$3,709,995	-\$7,532	\$2,816,703	0.76	6,084	\$609.80	\$630.86		\$604.09	-16.2%
Jul-13	\$3,323,103	\$3,467,750	1.0015	\$3,462,614	-\$5,136	\$2,956,213	0.84	5,620	\$616.12	\$621.54	-10.2%	\$593.33	-20.4%
Aug-13	\$3,751,379	\$3,846,191	1.0015	\$3,840,303	-\$5,889	\$3,045,136	0.83	5,589	\$687.12	\$619.12	-11.2%	\$637.68	-10.1%
Sep-13	\$3,377,746	\$3,568,194	1.0010	\$3,565,655	-\$3,539	\$3,233,045	0.89	5,593	\$637.52	\$617.71	-9.1%	\$646.92	-7.5%
Oct-13	\$3,873,003	\$3,282,803	1.0005	\$3,281,195	-\$1,608	\$2,641,237	0.74	5,580	\$588.03	\$616.72	-8.7%	\$637.56	-2.9%
Nov-13	\$3,208,269	\$3,338,828	1.0001	\$3,338,362	-\$466	\$2,771,329	0.82	5,589	\$597.31	\$614.87	-9.9%	\$607.62	-2.7%
Dec-13	\$2,894,498	\$3,281,439	0.9987	\$3,285,557	\$4,117	\$3,162,388	0.96	5,598	\$586.92	\$618.31	-7.7%	\$590.75	0.4%
Jan-14	\$3,691,015	\$4,202,822	0.9984	\$4,209,404	\$6,582	\$3,680,777	1.02	5,610	\$750.34	\$625.69	-6.6%	\$644.85	5.9%
Feb-14	\$3,539,723	\$3,912,670	0.9949	\$3,932,916	\$20,246	\$4,073,970	1.07	5,614	\$700.56	\$634.85	-4.4%	\$679.27	13.3%
Mar-14	\$3,867,411	\$3,513,332	0.9900	\$3,554,727	\$35,365	\$3,761,285	0.86	5,614	\$633.19	\$634.11	-3.9%	\$664.69	10.0%
Apr-14	\$3,877,731	\$3,666,614	0.9827	\$3,731,177	\$64,564	\$3,614,731	0.97	5,621	\$653.79	\$635.40	-3.7%	\$665.85	6.2%
May-14	\$4,507,201	\$3,902,967	0.9497	\$4,109,780	\$206,814	\$3,217,310	0.85	5,625	\$730.63	\$850.11	2.1%	\$675.87	9.9%
Jun-14	\$3,556,410	\$3,304,813	0.8592	\$3,846,244	\$541,432	\$3,507,145	0.90	5,597	\$687.20	\$656.56	4.1%	\$693.87	14.9%
Jul-14	\$4,260,930	\$1,547,623											
Total		\$128,680,908		\$127,927,519	\$793,838								

Source data from CIGNA.

Trend rates include the effect of subscriber movement between benefit plans as well as the impact of high cost claims.

Maricopa County
CIGNA OAP Medical

Month	Total Paid in Month	Total Incurred in Month and Paid-to-Date	Estimated Completeness - Used in Model	Total Incurred	IBNR This Month Only	Retrospective IBNR	Retrospective IBNR - In Terms of Incurred Claims in Last Three Months	Employees	Incurred per Employee per Month	Rolling 12 Mo Avg Incurred Per-Employee-Per-Month	Rolling 12 Mo Trend	Rolling 3 Mo Avg Incurred Per-Employee-Per-Month	Rolling 3 Mo Trend
Prior Months					-\$5,545								
Aug-11	\$4,594,464	\$3,824,270	1.0002	\$3,823,407	-\$863	\$4,012,767		5,272	\$725.23				
Sep-11	\$3,948,965	\$3,530,576	1.0002	\$3,529,763	-\$814	\$3,593,965		5,250	\$672.34				
Oct-11	\$3,667,941	\$3,860,822	1.0002	\$3,859,995	-\$826	\$3,786,019	1.01	5,259	\$733.98			\$710.51	
Nov-11	\$3,579,302	\$3,162,534	1.0002	\$3,161,758	-\$777	\$3,368,475	0.96	5,256	\$601.55			\$669.29	
Dec-11	\$3,150,822	\$2,999,170	1.0003	\$2,998,310	-\$860	\$3,215,963	0.98	5,265	\$569.48			\$635.00	
Jan-12	\$3,225,805	\$2,955,186	1.0003	\$2,954,220	-\$969	\$2,944,377	0.97	5,267	\$560.89			\$577.31	
Feb-12	\$2,969,485	\$3,758,347	1.0004	\$3,757,031	-\$1,317	\$3,731,923	1.15	5,255	\$714.94			\$615.11	
Mar-12	\$3,651,767	\$3,598,373	1.0004	\$3,596,925	-\$1,448	\$3,677,080	1.07	5,276	\$681.75			\$652.53	
Apr-12	\$3,735,936	\$3,375,208	1.0005	\$3,373,421	-\$1,787	\$3,314,565	0.93	5,285	\$638.30			\$678.33	
May-12	\$2,447,487	\$3,679,240	1.0007	\$3,676,651	-\$2,589	\$4,543,729	1.28	5,320	\$691.10			\$670.38	
Jun-12	\$4,971,406	\$3,979,466	1.0009	\$3,975,791	-\$3,676	\$3,548,114	0.97	5,320	\$747.33			\$692.24	
Jul-12	\$3,604,277	\$2,468,371	1.0010	\$2,465,896	-\$2,475	\$2,409,733	0.71	3,738	\$659.66	\$866.38		\$693.37	
Aug-12	\$2,952,028	\$2,796,211	1.0011	\$2,795,202	-\$3,009	\$2,252,907	0.73	3,652	\$755.39	\$669.73		\$724.13	
Sep-12	\$2,770,246	\$2,591,339	1.0011	\$2,588,479	-\$2,860	\$2,071,140	0.79	3,661	\$703.20	\$672.30		\$709.42	
Oct-12	\$2,843,668	\$3,154,198	1.0012	\$3,150,459	-\$3,738	\$2,377,931	0.84	3,689	\$654.01	\$682.30		\$774.20	
Nov-12	\$2,681,169	\$2,547,411	1.0013	\$2,544,056	-\$3,356	\$2,240,818	0.81	3,689	\$689.63	\$689.64		\$748.95	9.0%
Dec-12	\$2,266,908	\$2,666,459	1.0012	\$2,663,153	-\$3,306	\$2,637,062	0.95	3,687	\$722.31	\$702.38		\$755.32	11.9%
Jan-13	\$2,872,420	\$3,495,404	1.0018	\$3,489,234	-\$6,170	\$3,253,876	1.12	3,649	\$956.22	\$735.32		\$789.39	36.7%
Feb-13	\$2,479,573	\$2,587,105	1.0018	\$2,582,441	-\$4,564	\$3,356,745	1.15	3,672	\$703.28	\$734.35		\$793.93	29.1%
Mar-13	\$2,578,096	\$2,609,437	1.0017	\$2,604,979	-\$4,458	\$3,383,628	1.17	3,678	\$708.26	\$736.56		\$789.25	21.0%
Apr-13	\$3,315,607	\$3,082,250	1.0023	\$3,075,172	-\$7,079	\$3,143,192	1.14	3,683	\$834.96	\$752.95		\$748.83	10.4%
May-13	\$3,284,758	\$2,466,883	1.0024	\$2,460,909	-\$5,974	\$2,319,343	0.85	3,684	\$668.00	\$751.02		\$737.07	9.9%
Jun-13	\$2,587,621	\$2,647,126	1.0024	\$2,640,883	-\$6,244	\$2,372,605	0.87	3,692	\$715.30	\$748.35		\$739.42	6.5%
Jul-13	\$2,456,335	\$2,877,179	1.0005	\$2,875,732	-\$1,448	\$2,792,002	1.05	3,693	\$738.69	\$754.94	13.3%	\$707.33	1.1%
Aug-13	\$3,249,283	\$3,154,473	0.9992	\$3,156,891	\$2,418	\$2,899,610	0.93	3,906	\$808.22	\$759.51	13.3%	\$754.07	4.1%
Sep-13	\$2,949,475	\$3,312,564	0.9989	\$3,316,288	\$3,724	\$3,066,423	0.98	3,913	\$847.51	\$770.53	14.6%	\$798.14	12.5%
Oct-13	\$3,236,880	\$3,017,882	0.9986	\$3,022,183	\$4,301	\$2,851,726	0.90	3,932	\$768.61	\$763.42	11.9%	\$808.11	4.4%
Nov-13	\$2,653,331	\$3,148,565	0.9971	\$3,157,566	\$9,001	\$3,355,961	1.06	3,953	\$798.78	\$772.51	12.0%	\$804.96	7.5%
Dec-13	\$2,989,343	\$3,332,859	0.9950	\$3,348,450	\$16,591	\$3,716,068	1.17	3,949	\$848.18	\$783.00	11.5%	\$805.19	6.6%
Jan-14	\$3,584,134	\$3,748,264	0.9949	\$3,767,473	\$19,219	\$3,899,408	1.14	3,947	\$954.52	\$782.86	6.5%	\$867.16	9.9%
Feb-14	\$3,202,353	\$3,004,764	0.9907	\$3,033,081	\$28,318	\$3,730,136	1.10	3,955	\$766.90	\$786.16	7.3%	\$856.53	7.9%
Mar-14	\$3,670,563	\$3,146,674	0.9832	\$3,200,569	\$53,895	\$3,260,142	0.98	3,950	\$810.27	\$796.66	8.2%	\$843.89	5.9%
Apr-14	\$3,448,555	\$3,427,243	0.9708	\$3,530,399	\$103,156	\$3,341,986	1.03	3,947	\$894.45	\$801.62	6.5%	\$823.87	10.0%
May-14	\$3,406,124	\$3,515,996	0.9397	\$3,741,528	\$225,532	\$3,677,390	1.05	3,960	\$944.83	\$624.69	9.8%	\$683.18	19.8%
Jun-14	\$3,424,859	\$3,217,437	0.8095	\$3,974,649	\$757,212	\$4,227,380	1.13	3,959	\$1,003.95	\$848.74	13.4%	\$947.74	28.2%
Jul-14	\$3,121,241	\$40,978											
Total		\$110,782,257		\$111,893,940	\$1,147,117								

Source data from CIGNA.

Trend rates include the effect of subscriber movement between benefit plans as well as the impact of high cost claims.

**Maricopa County
CIGNA CFHSA Medical**

Month	Total Paid in Month	Total Incurred in Month and Paid-to-Date	Estimated Completeness - Used in Model	Total Incurred	IBNR This Month Only	Retrospective IBNR	Retrospective IBNR - In Terms of Incurred Claims in Last Three Months	Employees	Incurred per Employee per Month	Rolling 12 Mo Avg Incurred Per-Employee-Per-Month	Rolling 12 Mo Trend	Rolling 3 Mo Avg Incurred Per-Employee-Per-Month	Rolling 3 Mo Trend
Prior Months					\$0								
Aug-11	\$631,972	\$391,818	1.0000	\$391,818		\$413,414		870	\$450.37				
Sep-11	\$425,173	\$404,695	1.0000	\$404,695		\$392,936		872	\$464.10			\$455.03	
Oct-11	\$404,122	\$399,243	1.0000	\$399,243		\$388,057	0.97	886	\$450.61			\$485.55	
Nov-11	\$451,612	\$482,868	1.0000	\$482,868		\$419,313	0.98	891	\$541.94			\$535.83	
Dec-11	\$458,307	\$552,219	1.0000	\$552,219		\$513,225	1.07	898	\$614.94			\$618.99	
Jan-12	\$501,916	\$637,782	1.0000	\$637,782		\$649,092	1.16	911	\$700.09			\$689.24	
Feb-12	\$757,063	\$885,960	1.0000	\$885,960		\$577,989	0.92	915	\$749.68			\$731.95	
Mar-12	\$743,456	\$683,407	1.0000	\$683,407		\$517,940	0.77	916	\$746.08			\$759.09	
Apr-12	\$681,798	\$726,029	1.0000	\$726,029		\$562,201	0.80	929	\$781.52			\$853.47	
May-12	\$746,087	\$960,523	1.0000	\$960,523		\$776,637	0.98	930	\$1,032.82			\$925.94	
Jun-12	\$966,725	\$996,048	1.0000	\$996,048		\$705,960	0.82	930	\$963.49			\$830.42	
Jul-12	\$658,298	\$718,713	1.0001	\$718,713	-\$60	\$766,325	0.89	1,452	\$494.94	\$655.88		\$733.02	
Aug-12	\$674,431	\$1,085,123	1.0001	\$1,085,033	-\$90	\$1,176,926	1.31	1,465	\$740.64	\$690.07		\$554.65	
Sep-12	\$947,212	\$630,628	1.0001	\$630,576	-\$52	\$860,290	1.06	1,472	\$428.38	\$687.09		\$660.03	
Oct-12	\$877,980	\$1,199,650	1.0001	\$1,199,581	-\$68	\$1,181,891	1.22	1,479	\$811.08	\$717.13		\$657.72	45.1%
Nov-12	\$1,067,910	\$1,091,063	1.0000	\$1,091,017	-\$46	\$1,204,999	1.24	1,487	\$733.70	\$733.11		\$715.29	35.5%
Dec-12	\$986,945	\$903,485	1.0000	\$903,446	-\$38	\$1,119,500	1.05	1,503	\$601.10	\$731.96		\$704.51	33.5%
Jan-13	\$1,178,177	\$1,199,445	1.0000	\$1,199,405	-\$39	\$1,140,728	1.07	1,500	\$799.60	\$740.25		\$728.48	14.9%
Feb-13	\$1,001,460	\$1,069,988	1.0000	\$1,069,982	-\$26	\$1,209,230	1.14	1,501	\$712.83	\$737.18		\$757.82	2.4%
Mar-13	\$1,284,393	\$1,021,669	1.0000	\$1,021,627	-\$42	\$946,464	0.86	1,518	\$673.01	\$739.93		\$914.07	-0.5%
Apr-13	\$1,153,053	\$1,357,330	1.0001	\$1,357,174	-\$156	\$1,140,584	0.99	1,529	\$887.62	\$752.33		\$1,047.34	7.1%
May-13	\$1,349,723	\$1,804,413	1.0001	\$1,804,279	-\$134	\$1,595,140	1.14	1,527	\$1,181.58	\$761.44		\$948.59	13.1%
Jun-13	\$1,318,629	\$1,645,916	1.0001	\$1,645,698	-\$218	\$1,922,209	1.20	1,534	\$1,072.81	\$763.48	15.6%	\$755.50	14.2%
Jul-13	\$1,369,010	\$1,081,128	1.0001	\$1,082,817	\$1,689	\$1,383,517	1.08	1,831	\$591.38	\$757.95	9.8%	\$660.81	3.1%
Aug-13	\$1,360,763	\$1,106,495	0.9984	\$1,108,263	\$1,768	\$1,663,128	1.36	1,840	\$602.32	\$787.98	14.7%	\$751.94	19.1%
Sep-13	\$1,192,933	\$1,470,131	0.9984	\$1,472,545	\$2,414	\$1,602,811	1.14	1,867	\$864.79	\$792.46	10.5%	\$813.39	13.9%
Oct-13	\$1,699,573	\$1,624,283	0.9969	\$1,625,256	\$4,973	\$1,615,098	1.06	1,885	\$786.67	\$796.87	8.7%	\$839.97	23.7%
Nov-13	\$1,470,577	\$1,478,378	0.9970	\$1,482,864	\$4,487	\$1,608,080	1.02	1,888	\$868.47	\$819.15	11.9%	\$921.87	17.4%
Dec-13	\$1,646,699	\$1,533,105	0.9960	\$1,535,671	\$6,566	\$2,236,992	1.29	1,886	\$1,110.47	\$845.06	14.2%	\$952.53	29.6%
Jan-14	\$1,485,442	\$2,081,219	0.9937	\$2,094,353	\$1,134	\$1,978,763	1.10	1,889	\$878.64	\$858.87	16.5%	\$873.38	35.2%
Feb-14	\$1,917,973	\$1,543,438	0.9502	\$1,559,744	\$16,306	\$1,768,626	0.96	1,890	\$949.02	\$881.87	20.6%	\$988.94	34.4%
Mar-14	\$2,003,789	\$1,757,166	0.9797	\$1,793,653	\$36,487	\$2,226,864	1.19	1,904	\$1,139.16	\$902.84	22.0%	\$1,047.72	30.5%
Apr-14	\$1,710,716	\$2,031,592	0.9367	\$2,168,953	\$137,361	\$2,148,321	1.08	1,907	\$1,054.99	\$892.29	18.6%	\$1,164.54	14.6%
May-14	\$2,090,404	\$1,822,686	0.9060	\$2,011,861	\$189,175	\$2,500,096	1.13	1,894	\$1,299.47	\$911.17	19.7%		11.2%
Jun-14	\$2,109,430	\$1,917,103	0.7789	\$2,461,205	\$544,103								
Jul-14	\$1,556,841	\$14,236											
Total		\$40,208,977		\$41,152,232	\$957,491								

Source data from CIGNA.

Trend rates include the effect of subscriber movement between benefit plans as well as the impact of high cost claims.

Maricopa County
Catamaran Pharmacy

Month	Total Paid in Month	Total Incurred in Month and Paid-to-Date	Estimated Completeness - Used in Model	Total Incurred	IBNR This Month Only	Retrospective IBNR	Retrospective IBNR - In Terms of Incurred Claims in Last Three Months	Employees	Incurred per Employee per Month	Rolling 12 Mo Avg Incurred Per-Employee-Per-Month	Rolling 12 Mo Trend	Rolling 3 Mo Avg Incurred Per-Employee-Per-Month	Rolling 3 Mo Trend
Prior Months													
Aug-11	\$1,061,445	\$1,060,709	1.0000	\$1,060,709				10,245	\$103.53				
Sep-11	\$1,089,641	\$1,095,986	1.0000	\$1,095,986				10,211	\$107.33				
Oct-11	\$1,074,194	\$1,065,140	1.0000	\$1,065,140				10,239	\$104.03			\$104.97	
Nov-11	\$1,066,052	\$1,076,323	1.0000	\$1,076,323				10,251	\$105.00			\$105.45	
Dec-11	\$1,156,135	\$1,137,546	1.0000	\$1,137,546				10,259	\$110.88			\$106.64	
Jan-12	\$1,359,409	\$1,373,542	1.0000	\$1,373,542				10,273	\$133.70			\$116.53	
Feb-12	\$1,106,664	\$1,112,073	1.0000	\$1,112,073				10,238	\$108.62			\$117.74	
Mar-12	\$1,163,945	\$1,162,501	1.0000	\$1,162,501				10,273	\$113.16			\$118.50	
Apr-12	\$1,175,147	\$1,180,658	1.0000	\$1,180,658				10,288	\$114.76			\$112.18	
May-12	\$1,122,003	\$1,115,745	1.0000	\$1,115,745				10,340	\$107.91			\$111.94	
Jun-12	\$1,112,286	\$1,115,894	1.0000	\$1,115,894				9,751	\$107.57	\$110.37		\$110.20	
Jul-12	\$1,026,333	\$1,048,942	1.0000	\$1,048,942				9,564	\$123.37	\$112.02		\$112.95	
Aug-12	\$1,180,983	\$1,179,900	1.0000	\$1,179,900				9,623	\$124.61	\$114.27		\$114.89	
Sep-12	\$1,091,664	\$1,096,245	1.0000	\$1,096,245				9,688	\$126.63	\$114.91		\$120.57	14.9%
Oct-12	\$1,188,701	\$1,199,157	1.0000	\$1,199,157				9,659	\$120.33	\$115.69		\$116.99	10.9%
Nov-12	\$1,102,466	\$1,087,810	1.0000	\$1,087,810				9,619	\$124.83	\$114.95		\$119.27	11.8%
Dec-12	\$1,165,553	\$1,162,296	1.0000	\$1,162,296				9,729	\$117.41	\$115.69		\$120.86	2.7%
Jan-13	\$1,194,760	\$1,200,737	1.0000	\$1,200,737				9,742	\$134.52	\$117.47		\$125.59	6.0%
Feb-13	\$1,139,166	\$1,142,302	1.0000	\$1,142,302				9,780	\$122.29	\$118.09		\$124.74	11.2%
Mar-13	\$1,315,178	\$1,310,496	1.0000	\$1,310,496				9,765	\$126.22	\$119.62		\$127.68	14.1%
Apr-13	\$1,183,728	\$1,196,043	1.0000	\$1,196,043				9,757	\$113.80	\$120.11		\$120.77	9.6%
May-13	\$1,237,324	\$1,232,576	1.0000	\$1,232,576				9,513	\$131.39	\$122.09	10.6%	\$123.80	14.8%
Jun-13	\$1,107,019	\$1,110,315	1.0000	\$1,110,315				9,495	\$128.16	\$122.49	9.3%	\$124.45	10.2%
Jul-13	\$1,255,661	\$1,249,919	1.0000	\$1,249,919				9,506	\$127.15	\$123.61	9.8%	\$128.90	12.2%
Aug-13	\$1,217,587	\$1,216,915	1.0000	\$1,216,915				9,512	\$136.75	\$124.62	9.1%	\$130.69	8.4%
Sep-13	\$1,211,855	\$1,208,642	1.0000	\$1,208,642				9,542	\$123.32	\$125.52	9.2%	\$129.07	10.3%
Oct-13	\$1,300,487	\$1,300,795	1.0000	\$1,300,795				9,547	\$143.32	\$127.43	10.1%	\$134.46	12.8%
Nov-13	\$1,177,349	\$1,176,702	1.0000	\$1,176,702				9,557	\$138.74	\$128.59	11.9%	\$135.12	13.3%
Dec-13	\$1,365,303	\$1,368,255	1.0000	\$1,368,255				9,569	\$135.25	\$130.08	12.4%	\$139.10	15.1%
Jan-14	\$1,329,684	\$1,325,904	1.0000	\$1,325,904				9,564	\$161.01	\$132.28	12.6%	\$145.00	15.5%
Feb-14	\$1,292,915	\$1,294,189	1.0000	\$1,294,189				9,568	\$159.95	\$135.42	14.7%	\$152.07	21.9%
Mar-14	\$1,536,581	\$1,539,915	1.0000	\$1,539,915				9,585	\$162.41	\$138.44	15.7%	\$161.12	26.2%
Apr-14	\$1,538,668	\$1,530,381	1.0000	\$1,530,381				9,556	\$161.20	\$142.39	18.5%	\$161.19	33.5%
May-14	\$1,556,765	\$1,556,722	1.0000	\$1,556,722									
Jun-14	\$1,540,519	\$1,540,429	1.0000	\$1,540,429									
Jul-14	\$1,530,235	\$1,526,453	1.0000	\$1,526,453									
Total	\$44,298,155	\$44,298,155		\$42,771,702	\$0								

Source data from Catamaran. Dates of payment have been adjusted based on review of Maricopa County's paid invoices.

Effective July 2010, prescription drug invoices are received semi-monthly by the County on the 1st and the 16th.

Prior to that, prescription drug invoices were received on the 15th and the 30th, resulting in negligible IBNR.

Upon review of the County's paid invoices, it was determined that all incurred claims were paid in the same month and no IBNR was necessary.

Maricopa County
CIGNA Dental

Month	Total Paid in Month	Total Incurred in Month and Paid-to-Date	Estimated Completeness - Used in Model	Total Incurred	IBNR This Month Only	Retrospective IBNR	Retrospective IBNR - In Terms of Incurred Claims in Last Three Months	Employees	Incurred per Employee per Month	Rolling 12 Mo Avg Incurred Per-Employee-Per-Month	Rolling 12 Mo Trend	Rolling 3 Mo Avg Incurred Per-Employee-Per-Month	Rolling 3 Mo Trend
Prior Months					\$471								
Aug-11	\$359,171	\$365,583	0.9984	\$365,798	\$215	\$480,403		4,786	\$76.43				
Sep-11	\$271,464	\$262,771	0.9993	\$262,948	\$177	\$471,887		4,777	\$55.04				
Oct-11	\$341,844	\$329,308	0.9992	\$329,572	\$264	\$459,615	1.44	4,791	\$68.79			\$66.76	
Nov-11	\$288,316	\$267,173	0.9991	\$267,411	\$238	\$458,711	1.80	4,803	\$55.88			\$59.84	
Dec-11	\$272,119	\$262,354	0.9990	\$262,613	\$259	\$449,204	1.57	4,807	\$54.63			\$59.70	
Jan-12	\$313,772	\$268,025	0.9989	\$268,312	\$287	\$403,744	1.52	4,821	\$55.65			\$55.32	
Feb-12	\$267,171	\$265,487	0.9985	\$265,907	\$420	\$422,481	1.55	4,810	\$59.44			\$55.88	
Mar-12	\$296,376	\$305,966	0.9984	\$306,444	\$478	\$432,550	1.51	4,837	\$63.35			\$59.48	
Apr-12	\$306,204	\$313,164	0.9981	\$313,764	\$600	\$440,109	1.46	4,846	\$64.75			\$62.51	
May-12	\$308,920	\$320,084	0.9977	\$320,824	\$741	\$452,014	1.44	4,861	\$66.00			\$64.70	
Jun-12	\$309,014	\$315,042	0.9974	\$315,850	\$807	\$458,849	1.45	4,861	\$64.98			\$65.24	
Jul-12	\$334,325	\$370,051	0.9956	\$371,700	\$1,549	\$496,224	1.48	4,930	\$75.40	\$63.35		\$68.79	
Aug-12	\$360,027	\$362,467	0.9841	\$364,616	\$2,149	\$500,813	1.43	4,894	\$74.50	\$63.18		\$71.62	
Sep-12	\$271,519	\$261,164	0.9932	\$262,961	\$1,797	\$492,254	1.48	4,945	\$53.18	\$63.03		\$67.69	
Oct-12	\$342,422	\$323,621	0.9899	\$326,926	\$3,305	\$476,758	1.50	4,961	\$65.90	\$62.79		\$64.53	-3.3%
Nov-12	\$268,767	\$271,767	0.9881	\$275,040	\$3,273	\$483,031	1.68	4,985	\$55.17	\$62.75		\$58.08	-2.9%
Dec-12	\$272,569	\$252,929	0.9871	\$256,231	\$3,302	\$466,693	1.83	4,986	\$51.29	\$62.47		\$57.45	-3.8%
Jan-13	\$314,074	\$270,039	0.9819	\$275,027	\$4,987	\$427,646	1.59	4,969	\$55.35	\$62.44		\$53.94	-2.5%
Feb-13	\$267,526	\$261,289	0.9800	\$267,038	\$5,750	\$447,158	1.64	4,997	\$57.44	\$62.28		\$54.69	-3.3%
Mar-13	\$296,376	\$306,479	0.9788	\$313,127	\$6,649	\$463,910	1.59	5,006	\$62.55	\$62.21		\$58.45	-1.7%
Apr-13	\$306,257	\$309,795	0.9730	\$318,385	\$9,590	\$476,038	1.55	5,014	\$63.50	\$62.10		\$61.16	-2.2%
May-13	\$305,174	\$305,294	0.9697	\$314,848	\$9,554	\$481,712	1.53	5,018	\$62.74	\$61.83		\$62.93	-2.7%
Jun-13	\$309,014	\$301,371	0.9677	\$311,435	\$10,063	\$484,132	1.54	5,030	\$61.92	\$61.58		\$62.72	-3.9%
Jul-13	\$334,325	\$369,574	0.9609	\$384,621	\$15,047	\$534,428	1.59	5,224	\$73.35	\$61.41	-3.1%	\$66.00	-4.1%
Aug-13	\$364,868	\$328,532	0.9546	\$344,142	\$15,009	\$513,702	1.48	5,244	\$65.88	\$60.69	-4.0%	\$67.05	-6.4%
Sep-13	\$296,329	\$278,417	0.9509	\$292,798	\$14,381	\$510,170	1.50	5,241	\$55.87	\$60.91	-3.4%	\$65.03	-3.9%
Oct-13	\$332,751	\$333,480	0.9429	\$353,673	\$20,194	\$531,092	1.61	5,256	\$67.29	\$61.03	-2.8%	\$63.01	-2.3%
Nov-13	\$290,298	\$271,481	0.9371	\$289,718	\$18,237	\$530,513	1.70	5,286	\$54.81	\$61.00	-2.8%	\$59.32	2.1%
Dec-13	\$288,738	\$279,891	0.9334	\$299,875	\$19,984	\$541,650	1.72	5,283	\$56.76	\$61.45	-1.6%	\$59.62	3.8%
Jan-14	\$344,035	\$297,273	0.9234	\$321,918	\$24,644	\$519,532	1.71	5,294	\$60.81	\$61.91	-0.9%	\$57.46	6.5%
Feb-14	\$299,181	\$275,919	0.9158	\$301,299	\$25,380	\$521,650	1.70	5,297	\$56.88	\$61.86	-0.7%	\$58.15	6.3%
Mar-14	\$326,835	\$320,878	0.9088	\$333,091	\$32,213	\$547,906	1.68	5,301	\$66.61	\$62.20	0.0%	\$61.43	5.1%
Apr-14	\$326,815	\$284,725	0.8923	\$319,086	\$34,360	\$540,176	1.66	5,324	\$59.93	\$61.90	-0.3%	\$61.14	0.0%
May-14	\$316,403	\$260,098	0.8693	\$299,207	\$39,109	\$522,980	1.62	5,330	\$56.14	\$61.35	-0.8%	\$60.89	-3.2%
Jun-14	\$312,425	\$284,993	0.8298	\$343,442	\$58,450	\$553,998	1.73	5,308	\$64.70	\$61.58	0.0%	\$60.26	-3.9%
Jul-14	\$370,315	\$199,952											
Total		\$10,696,435		\$10,879,647		\$383,635							

Source data from CIGNA.

**Maricopa County
Avesis and EyeMed Vision**

Month	Total Paid in Month	Total Incurred in Month and Paid-to-Date	Estimated Completeness - Used in Model	Total Incurred	IBNR This Month Only	Retrospective IBNR	Retrospective of Incurred Claims in Last Three Months	Employees	Incurred per Employee per Month	Rolling 12 Mo Avg Incurred Per-Employee-Per-Month	Rolling 12 Mo Trend	Rolling 3 Mo Avg Incurred Per-Employee-Per-Month	Rolling 3 Mo Trend
Prior Months					(\$)								
Aug-11	\$151,136	\$152,535	1.0000	\$152,535		\$103,324		11,117	\$13.72				
Sep-11	\$159,695	\$119,135	1.0000	\$119,135		\$62,764		11,087	\$10.75			\$11.11	
Oct-11	\$106,262	\$98,479	1.0000	\$98,479		\$54,982	0.45	11,129	\$8.85			\$9.20	
Nov-11	\$83,442	\$89,384	1.0000	\$89,384		\$60,924	0.60	11,146	\$8.02			\$8.73	
Dec-11	\$99,751	\$104,146	1.0000	\$104,146		\$65,319	0.67	11,161	\$9.33			\$8.56	
Jan-12	\$99,256	\$93,089	1.0000	\$93,089		\$89,152	0.72	11,186	\$8.32			\$9.10	
Feb-12	\$90,378	\$107,541	1.0000	\$107,541		\$86,314	0.85	11,155	\$9.64			\$9.41	
Mar-12	\$130,332	\$114,925	1.0000	\$114,925		\$70,907	0.67	11,191	\$10.27			\$9.55	
Apr-12	\$94,387	\$98,066	1.0000	\$98,066		\$74,585	0.70	11,221	\$8.74			\$10.03	
May-12	\$99,564	\$125,093	1.0000	\$125,093		\$100,115	0.89	11,274	\$11.10			\$11.60	
Jun-12	\$135,737	\$168,814	1.0000	\$168,814		\$133,191	1.02	11,274	\$14.97			\$15.14	
Jul-12	\$193,451	\$210,022	1.0000	\$210,022		\$149,762	0.89	10,854	\$19.35	\$11.09		\$16.56	
Aug-12	\$164,849	\$164,589	1.0000	\$164,589		\$149,502	0.83	10,719	\$15.35	\$11.22		\$15.00	
Sep-12	\$166,111	\$111,427	1.0000	\$111,427		\$94,818	0.59	10,830	\$10.29	\$11.19		\$11.62	4.6%
Oct-12	\$104,537	\$100,136	1.0000	\$100,136		\$90,418	0.72	10,871	\$9.21	\$11.22		\$9.25	0.5%
Nov-12	\$95,699	\$90,095	1.0000	\$90,095		\$84,814	0.84	10,915	\$8.26	\$11.24		\$8.73	-0.1%
Dec-12	\$112,214	\$95,127	1.0000	\$95,127		\$67,727	0.71	10,915	\$8.72	\$11.18		\$8.37	-2.2%
Jan-13	\$85,247	\$68,141	1.0000	\$68,141		\$70,621	0.78	10,848	\$8.13	\$11.17		\$8.59	-5.6%
Feb-13	\$80,713	\$97,341	1.0000	\$97,341		\$87,249	0.93	10,913	\$8.92	\$11.11		\$9.06	-3.7%
Mar-13	\$140,172	\$110,848	1.0000	\$110,848		\$57,925	0.59	10,922	\$10.15	\$11.10		\$9.63	0.8%
Apr-13	\$100,105	\$107,275	1.0000	\$107,275		\$65,095	0.62	10,926	\$9.82	\$11.19		\$10.23	1.9%
May-13	\$96,637	\$116,841	1.0000	\$116,841		\$85,299	0.76	10,904	\$10.72	\$11.16		\$13.37	15.2%
Jun-13	\$147,547	\$213,476	1.0000	\$213,476		\$151,228	1.04	10,903	\$19.58	\$11.54		\$14.74	-2.7%
Jul-13	\$149,651	\$155,615	1.0001	\$155,606	-\$9	\$157,184	0.97	11,184	\$13.91	\$11.09	0.0%	\$15.56	-6.1%
Aug-13	\$175,982	\$147,359	0.9999	\$147,368	\$9	\$128,570	0.75	11,482	\$13.18	\$10.91	-2.8%	\$12.24	-18.4%
Sep-13	\$115,869	\$108,008	0.9997	\$108,035	\$27	\$120,736	0.88	11,209	\$9.64	\$10.85	-3.0%	\$10.52	-9.5%
Oct-13	\$131,121	\$97,929	0.9996	\$97,969	\$41	\$87,584	0.74	11,222	\$8.73	\$10.81	-3.6%	\$8.64	-6.6%
Nov-13	\$83,756	\$84,760	0.9962	\$84,830	\$70	\$88,658	0.91	11,225	\$7.56	\$10.75	-4.3%	\$7.97	-8.7%
Dec-13	\$80,941	\$85,158	0.9984	\$85,293	\$135	\$93,009	1.04	11,205	\$7.61	\$10.66	-4.7%	\$7.70	-8.0%
Jan-14	\$98,901	\$88,472	0.9961	\$88,821	\$348	\$82,929	0.96	11,206	\$7.93	\$10.64	-4.7%	\$7.80	-9.2%
Feb-14	\$99,740	\$87,274	0.9912	\$88,051	\$777	\$81,240	0.93	11,214	\$7.85	\$10.56	-5.0%	\$7.82	-9.3%
Mar-14	\$94,533	\$98,012	0.9851	\$99,494	\$1,482	\$86,202	0.94	11,194	\$8.69	\$10.45	-5.8%	\$8.22	-13.1%
Apr-14	\$84,520	\$91,837	0.9793	\$93,780	\$1,943	\$95,462	1.02	11,202	\$6.37	\$10.33	-7.7%	\$6.37	-14.8%
May-14	\$106,614	\$96,103	0.9671	\$96,374	\$3,271	\$88,221	0.90	11,196	\$8.88	\$10.18	-8.6%	\$8.71	-22.6%
Jun-14	\$98,593	\$138,019	0.8968	\$153,902	\$15,863		1.24	11,137	\$13.82	\$9.70	-16.0%	\$10.36	
Jul-14	\$185,593	\$66,040											
Total		\$4,121,113		\$4,075,050	\$23,877	\$143,530							

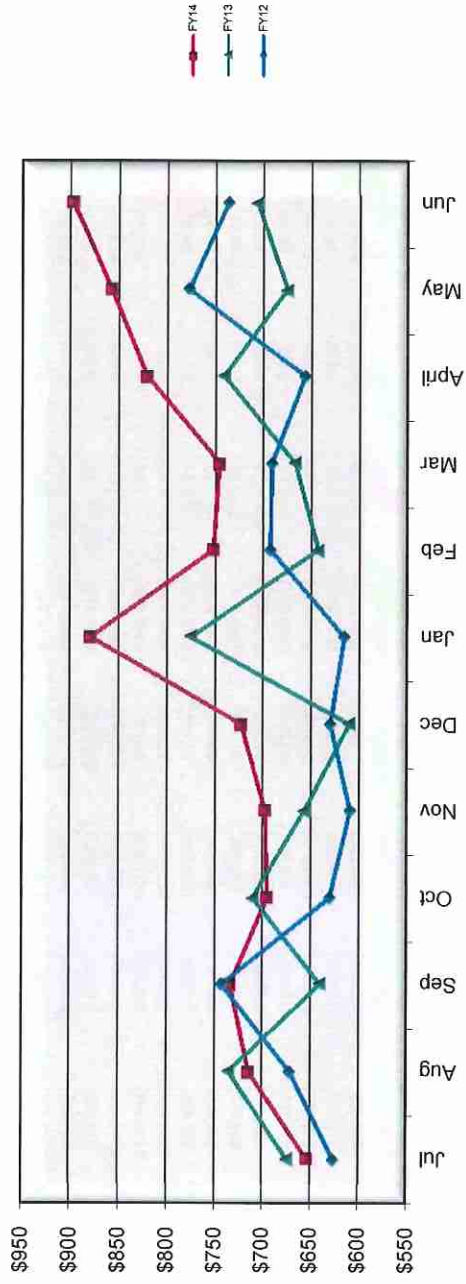
Source data from EyeMed through June 30, 2013 and through Avesis beginning July 1, 2013.

**Maricopa County
Magellan Health Services - Behavioral Health**

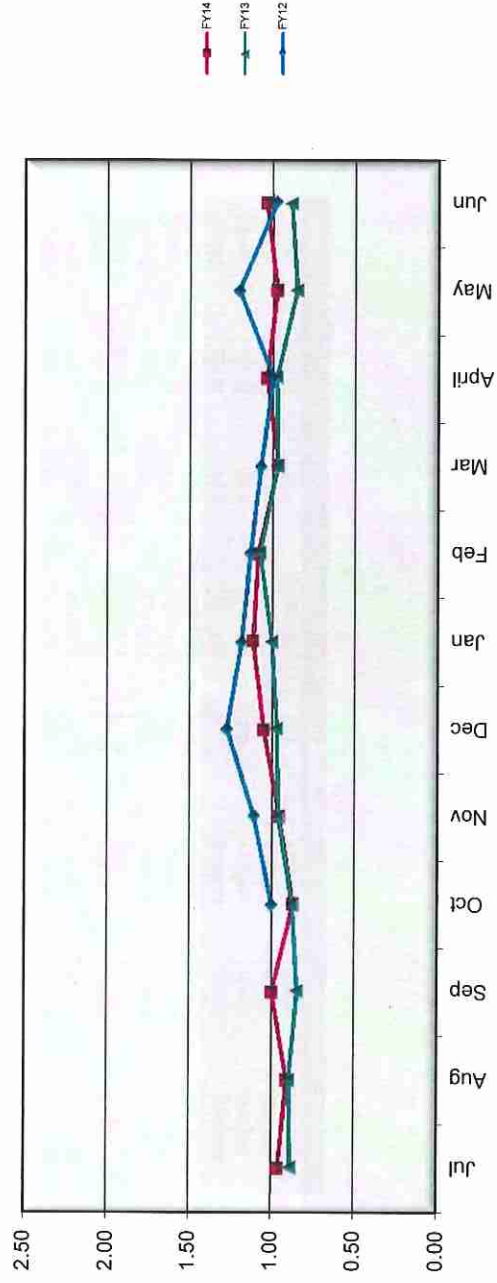
Month	Total Paid in Month	Total Incurred in Month and Paid-to-Date	Estimated Completeness - Used in Model	Total Incurred	IBNR This Month Only	Retrospective IBNR	Retrospective IBNR - In Terms of Incurred Claims in Last Three Months	Employees	Incurred per Employee per Month	Rolling 12 Mo Avg Incurred Per-Employee-Per-Month	Rolling 12 Mo Trend	Rolling 3 Mo Avg Incurred Per-Employee-Per-Month	Rolling 3 Mo Trend
Prior Months					\$10								
Aug-11	\$97,613	\$99,572	0.9999	\$99,584	\$12	\$251,829		10,120	\$9.84				
Sep-11	\$128,346	\$93,607	0.9999	\$93,618	\$11	\$216,901		10,083	\$9.28				
Oct-11	\$150,214	\$94,943	0.9999	\$94,954	\$11	\$161,641	1.68	10,122	\$9.38			\$9.50	
Nov-11	\$47,470	\$103,582	0.9996	\$103,623	\$41	\$217,795	2.24	10,135	\$10.22			\$9.63	
Dec-11	\$93,927	\$58,983	0.9996	\$59,006	\$23	\$182,874	2.13	10,147	\$5.82			\$8.47	
Jan-12	\$115,110	\$104,531	0.9996	\$104,572	\$42	\$172,337	1.93	10,165	\$10.29			\$8.78	
Feb-12	\$100,257	\$147,284	0.9996	\$147,343	\$59	\$219,423	2.12	10,136	\$14.54			\$10.21	
Mar-12	\$83,208	\$93,632	0.9996	\$94,044	\$412	\$230,260	2.00	10,168	\$9.25			\$11.36	
Apr-12	\$108,907	\$150,261	0.9956	\$150,921	\$661	\$272,275	2.08	10,181	\$14.82			\$12.87	
May-12	\$115,161	\$144,352	0.9956	\$144,987	\$635	\$302,100	2.32	10,236	\$14.16			\$12.75	
Jun-12	\$66,437	\$103,636	0.9956	\$104,091	\$456	\$309,754	2.32	10,236	\$10.17			\$13.05	
Jul-12	\$88,226	\$174,498	0.9940	\$175,553	\$1,055	\$396,081	2.80	9,643	\$18.21	\$11.33		\$14.18	
Aug-12	\$137,622	\$115,353	0.9940	\$116,051	\$697	\$374,510	2.84	9,606	\$12.08	\$11.52		\$13.49	
Sep-12	\$96,620	\$156,924	0.9940	\$157,873	\$949	\$435,763	2.91	9,711	\$16.26	\$12.10		\$15.51	
Oct-12	\$332,520	\$89,267	0.9940	\$89,807	\$540	\$193,050	1.59	9,759	\$9.20	\$12.08		\$12.51	
Nov-12	\$76,015	\$95,267	0.9940	\$95,843	\$576	\$212,878	1.86	9,785	\$9.79	\$12.05		\$11.75	31.7%
Dec-12	\$117,005	\$74,579	0.9940	\$75,030	\$451	\$170,903	1.97	9,785	\$7.67	\$12.20		\$8.89	22.0%
Jan-13	\$76,517	\$126,004	0.9940	\$126,766	\$762	\$221,153	2.23	9,728	\$13.03	\$12.43		\$10.16	4.9%
Feb-13	\$85,987	\$80,222	0.9913	\$80,926	\$703	\$216,092	2.29	9,788	\$8.27	\$11.91		\$9.66	15.8%
Mar-13	\$78,787	\$108,292	0.9910	\$109,279	\$988	\$246,585	2.33	9,791	\$11.16	\$12.07		\$10.82	-5.5%
Apr-13	\$122,248	\$128,057	0.9905	\$129,288	\$1,232	\$253,625	2.38	9,797	\$13.20	\$11.93		\$10.88	-4.7%
May-13	\$84,241	\$97,445	0.9904	\$98,392	\$948	\$267,777	2.38	9,785	\$10.06	\$11.59		\$11.47	-15.5%
Jun-13	\$112,631	\$75,222	0.9863	\$76,266	\$1,044	\$231,412	2.28	9,778	\$7.80	\$11.39		\$10.35	-10.0%
Jul-13	\$83,692	\$100,217	0.9901	\$101,218	\$1,001	\$248,937	2.71	9,514	\$10.64	\$10.76	-5.0%	\$9.50	-33.0%
Aug-13	\$89,193	\$75,795	0.9835	\$77,064	\$1,268	\$236,807	2.79	9,496	\$8.12	\$10.43	-9.4%	\$8.85	-34.4%
Sep-13	\$126,678	\$50,115	0.9759	\$51,352	\$1,238	\$161,481	2.11	9,507	\$5.40	\$9.53	-21.3%	\$8.05	-48.1%
Oct-13	\$105,364	\$88,212	0.9748	\$90,496	\$2,284	\$146,614	2.01	9,513	\$9.51	\$9.55	-20.9%	\$7.68	-38.7%
Nov-13	\$78,952	\$90,665	0.9614	\$94,304	\$3,639	\$161,966	2.06	9,542	\$9.88	\$9.56	-20.6%	\$8.27	-29.7%
Dec-13	\$85,111	\$80,459	0.9600	\$84,225	\$3,766	\$171,079	1.84	9,547	\$9.87	\$9.74	-20.1%	\$9.76	9.8%
Jan-14	\$95,708	\$105,794	0.9454	\$111,786	\$5,992	\$187,158	1.87	9,557	\$11.70	\$9.63	-22.5%	\$10.48	3.1%
Feb-14	\$95,041	\$112,585	0.9280	\$121,316	\$8,731	\$213,432	1.96	9,569	\$12.68	\$10.00	-16.0%	\$11.41	18.2%
Mar-14	\$136,981	\$114,269	0.8839	\$129,282	\$15,013	\$205,734	1.70	9,564	\$13.52	\$10.20	-15.5%	\$12.63	16.7%
Apr-14	\$90,942	\$73,162	0.8469	\$86,387	\$13,225	\$201,178	1.79	9,568	\$9.03	\$9.85	-17.5%	\$11.74	8.0%
May-14	\$104,022	\$51,693	0.5200	\$99,412	\$47,720	\$196,569	1.87	9,585	\$10.37	\$9.88	-14.8%	\$10.97	-4.3%
Jun-14	\$117,124	\$109,027	0.7431	\$146,712	\$37,685	\$226,157	2.04	9,304	\$15.77	\$10.54	-7.5%	\$11.72	13.3%
Jul-14	\$83,873	\$21,595											
Total		\$3,599,099		\$3,731,373		\$153,878							

Source data from Magellan.

Per-Employee-Per-Month CIGNA Medical Claims

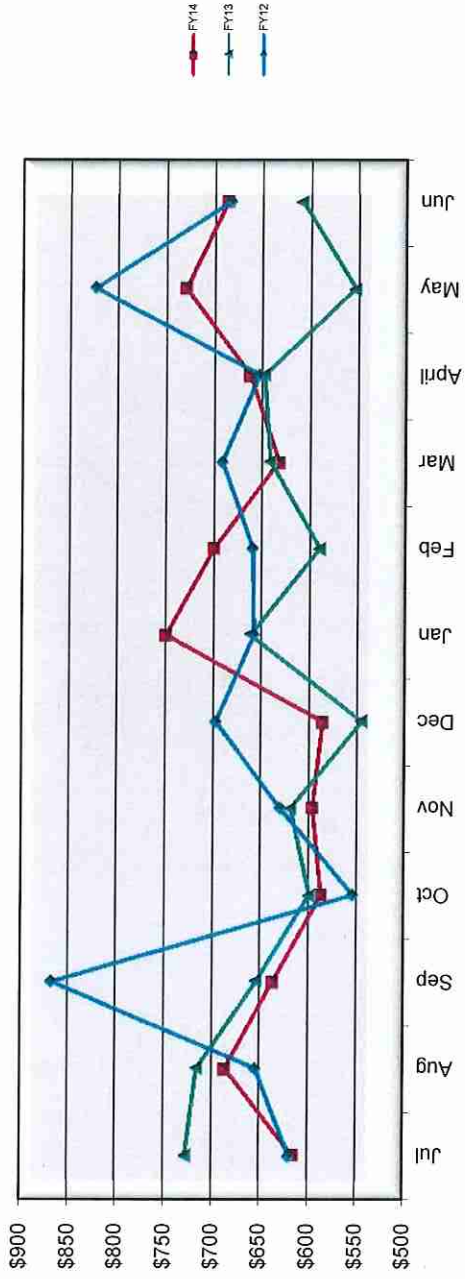


Retrospective IBNR In Terms of Incurred CIGNA Medical Claims in Last Three Months

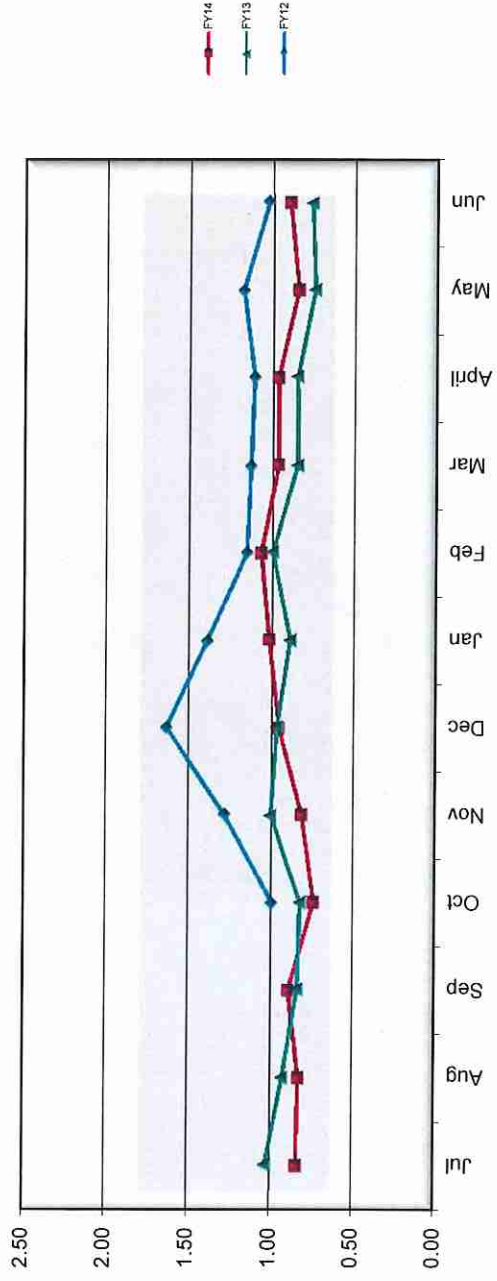


Data reflects the most recent 36 months

Per-Employee-Per-Month CIGNA CMG Medical Claims

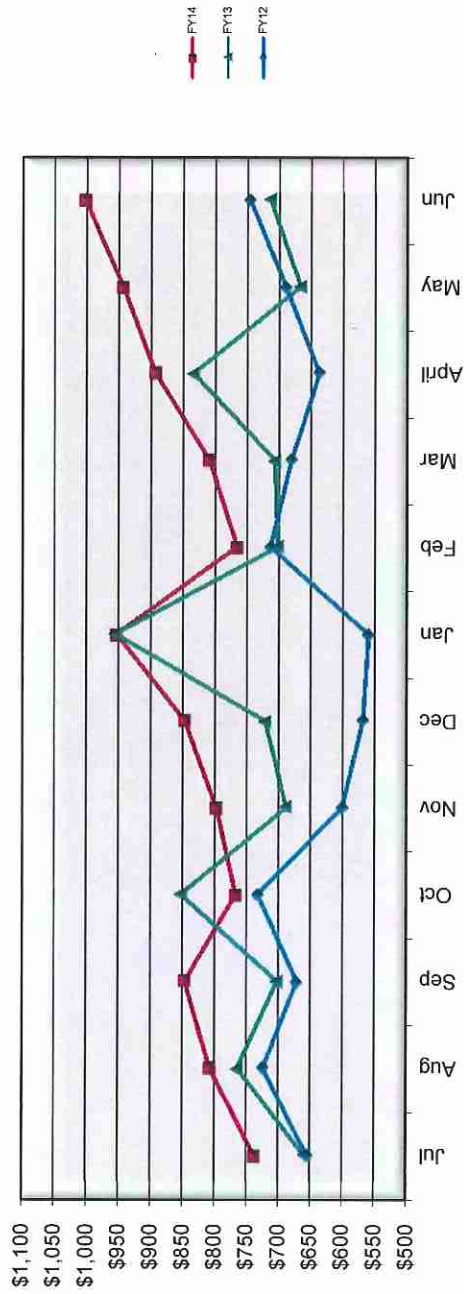


Retrospective IBNR In Terms of Incurred CIGNA CMG Medical Claims in Last Three Months

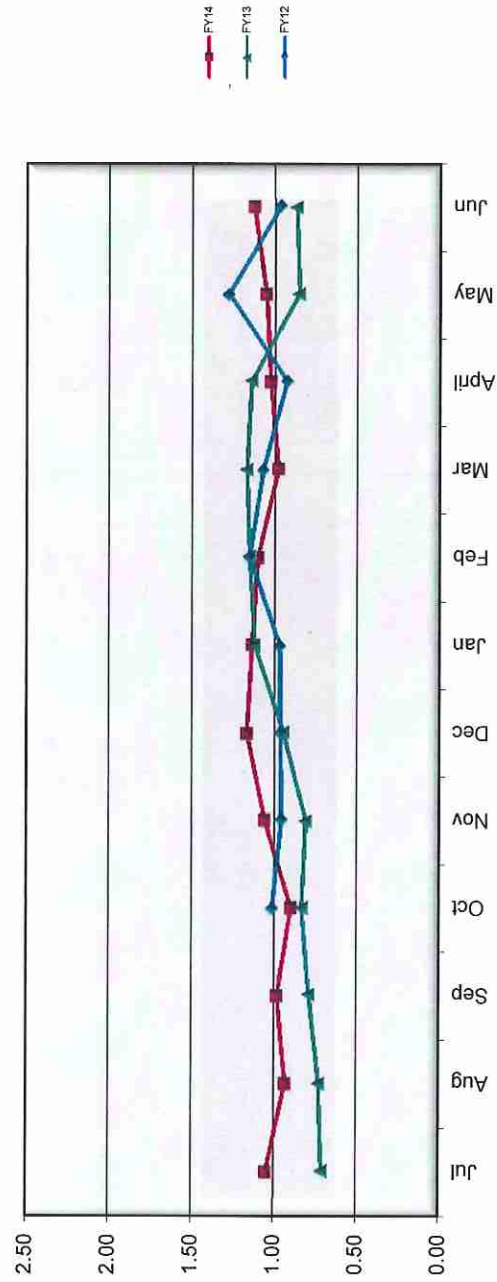


Data reflects the most recent 36 months

Per-Employee-Per-Month CIGNA OAP Medical Claims

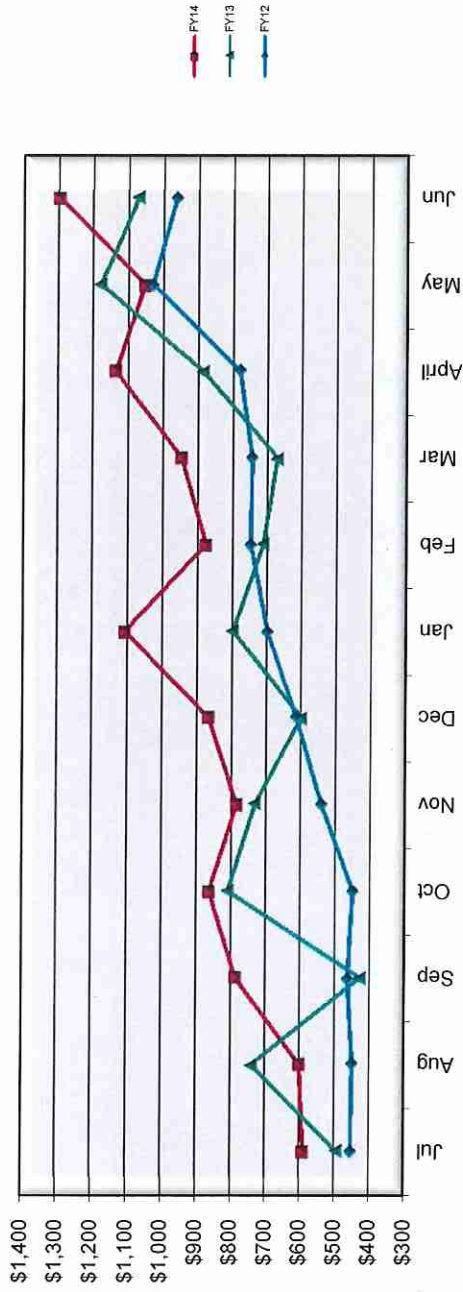


Retrospective IBNR In Terms of Incurred CIGNA OAP Medical Claims in Last Three Months

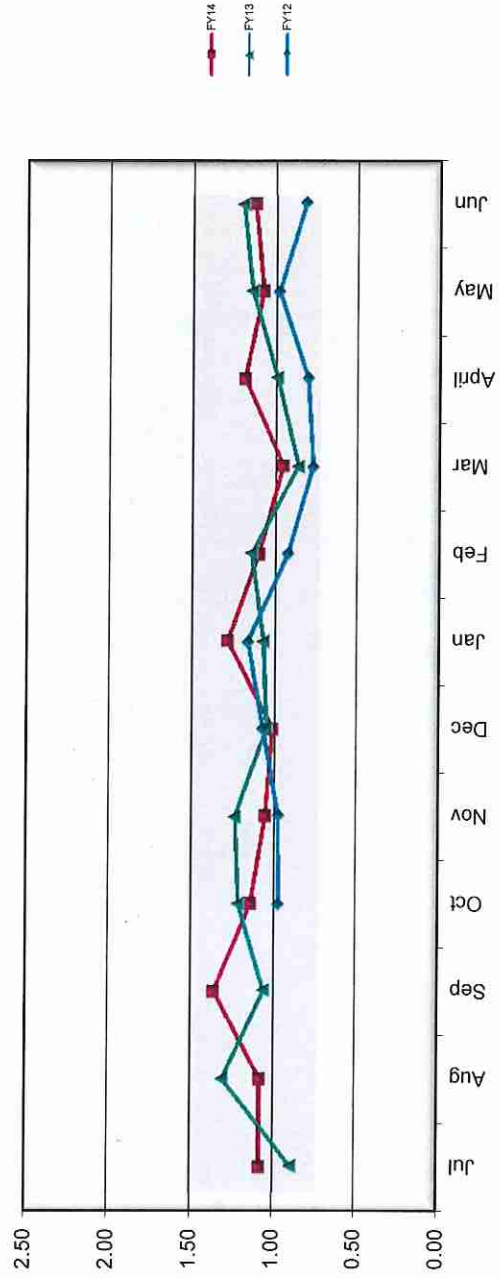


Data reflects the most recent 36 months

Per-Employee-Per-Month CIGNA CFHSA Medical Claims

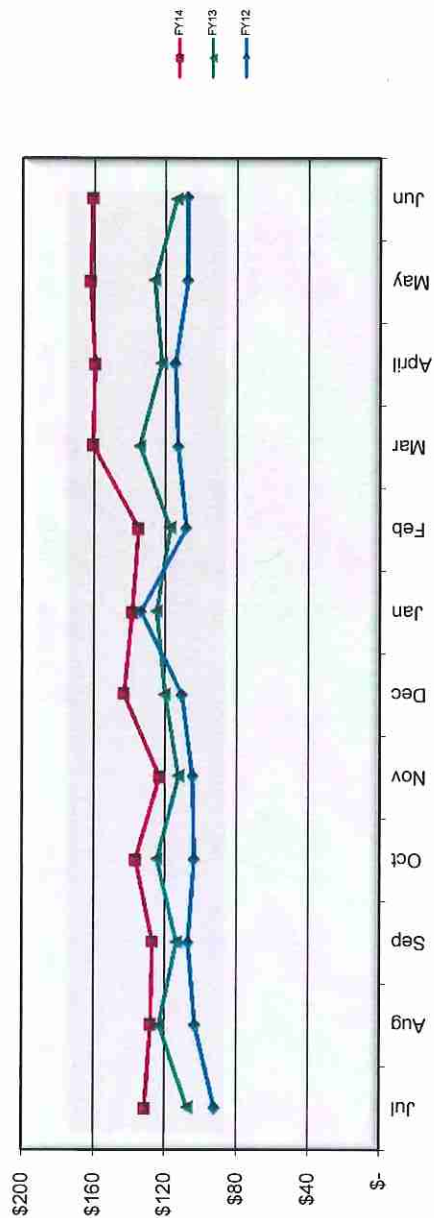


Retrospective IBNR In Terms of Incurred CIGNA CFHSA Medical Claims in Last Three Months

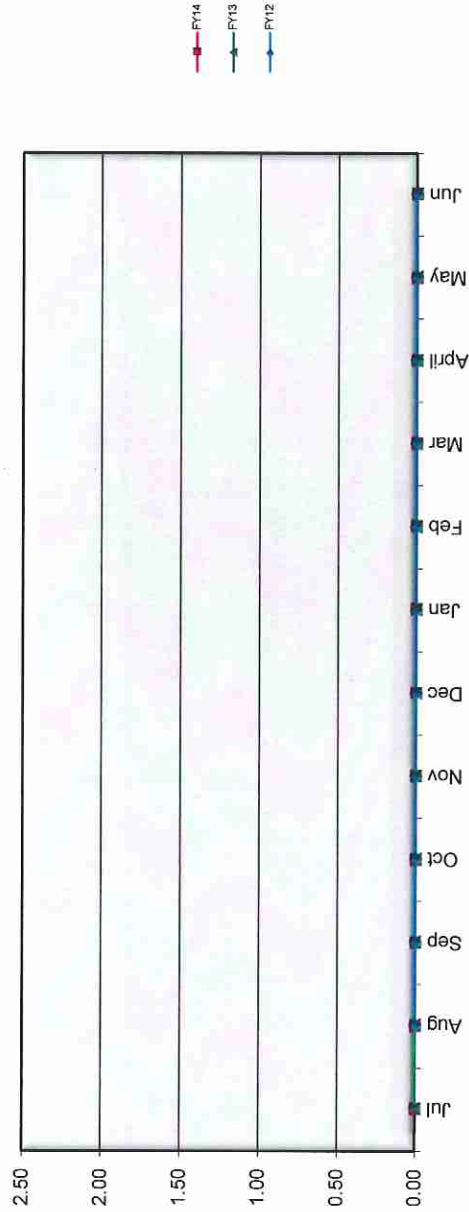


Data reflects the most recent 36 months

Per-Employee-Per-Month Catamaran Pharmacy Claims

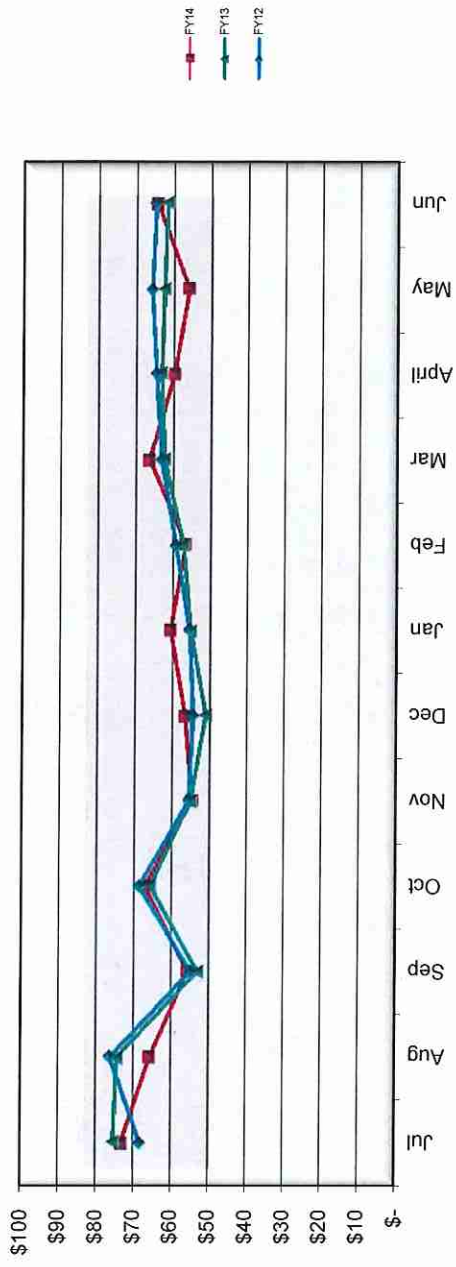


Retrospective IBNR In Terms of Incurred Catamaran Pharmacy Claims in Last Three Months

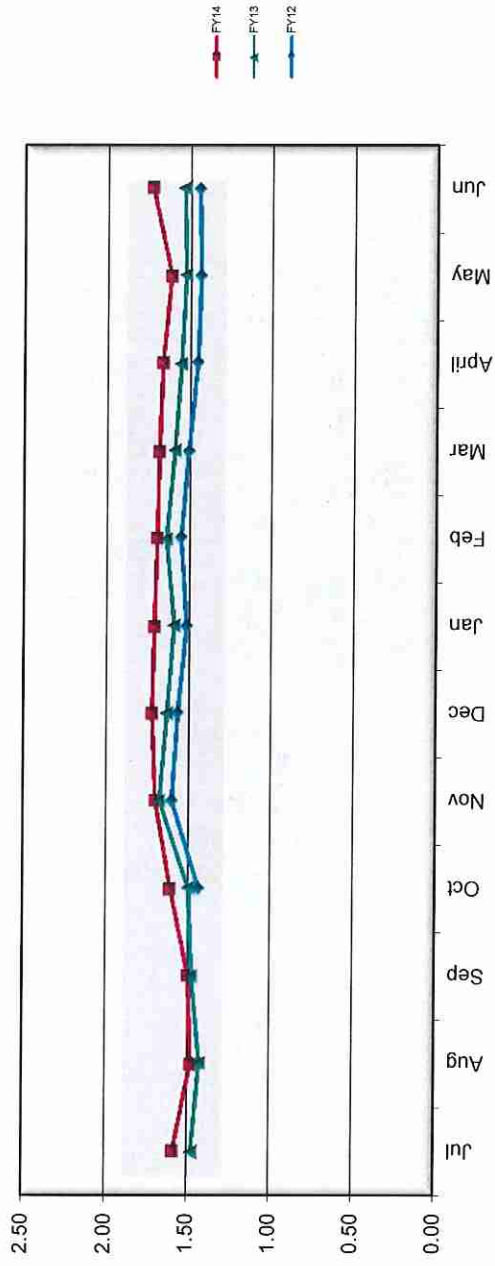


Data reflects most recent 36 months
 Effective July 2010, prescription drug invoices are received semi-monthly by the County on the 1st and the 16th.
 Prior to that, prescription drug invoices were received on the 15th and the 30th, resulting in negligible IBNR. Maricopa County reported no change to their invoice payment dates.

Per-Employee-Per-Month CIGNA Dental Claims

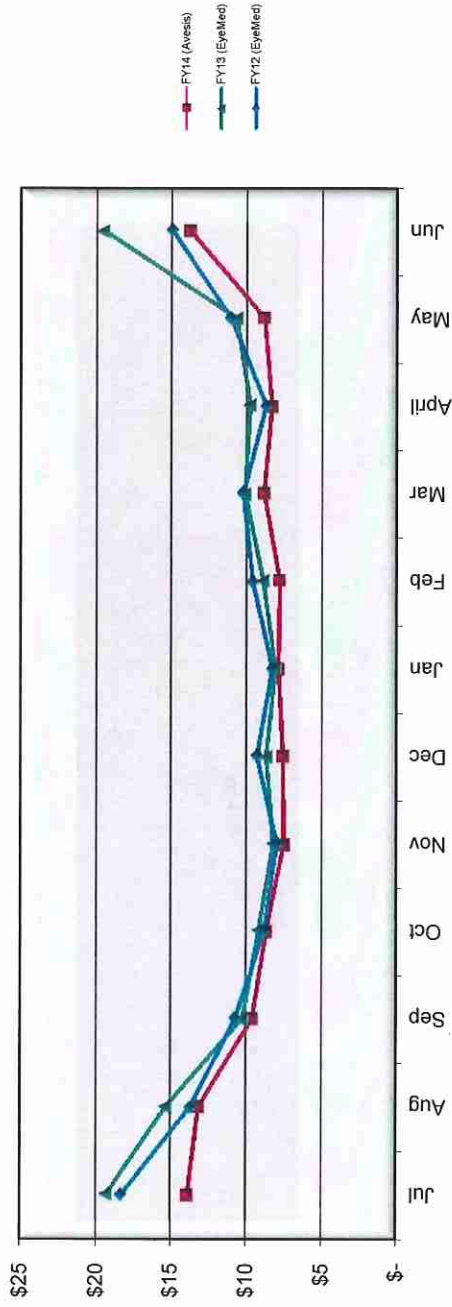


Retrospective IBNR In Terms of Incurred CIGNA Dental Claims in Last Three Months

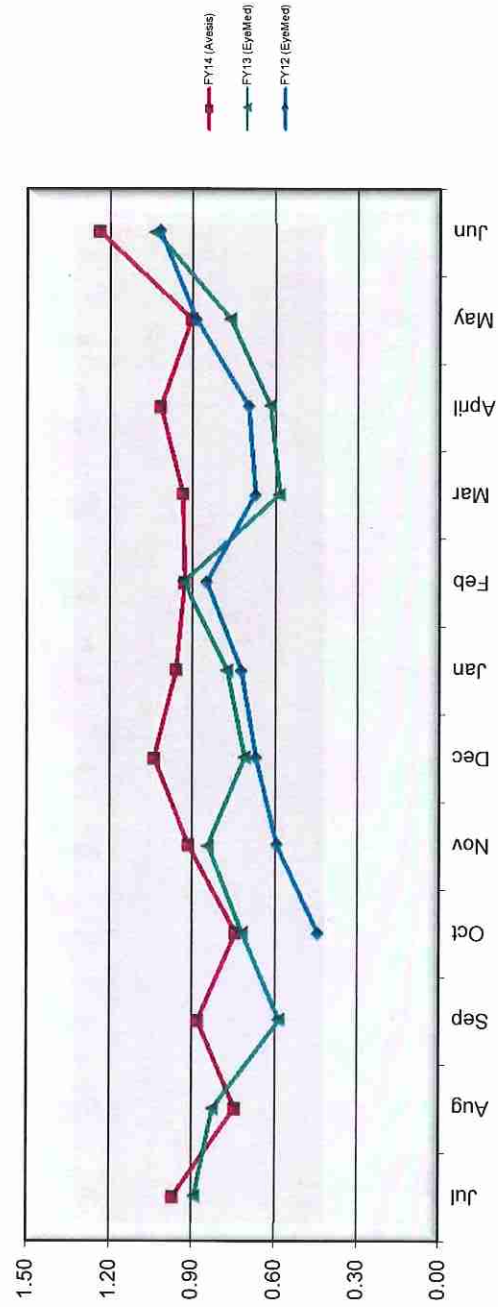


Data reflects most recent 36 months

Per-Employee-Per-Month Avesis and EyeMed Vision Claims

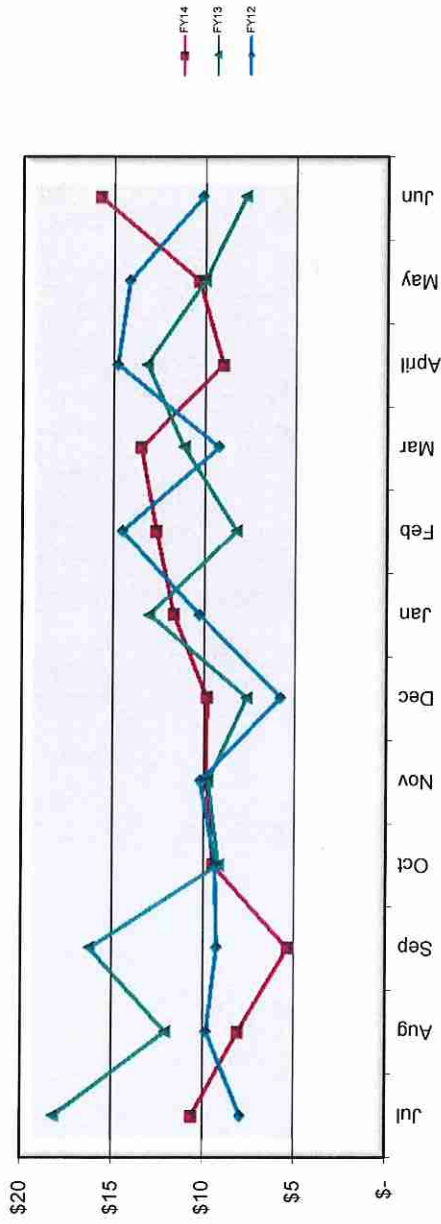


Retrospective IBNR In Terms of Incurred Avesis and EyeMed Vision Claims in Last Three Months

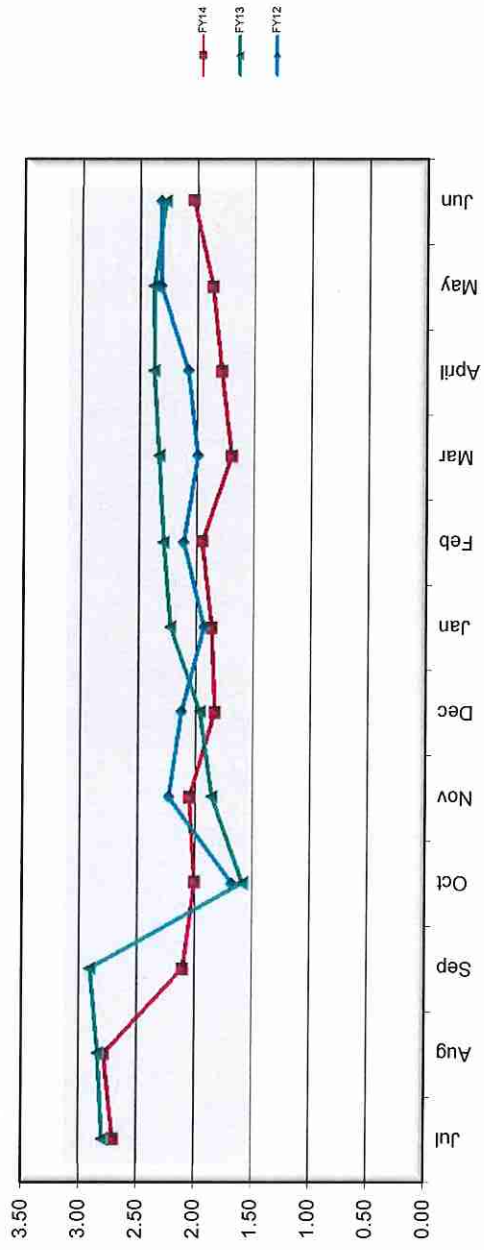


Data reflects most recent 36 months
Source data from EyeMed for claims incurred through June 30, 2013 and from Avesis for claims incurred beginning July 1, 2013.

Per-Employee-Per-Month Magellan Behavioral Health Claims



Retrospective IBNR In Terms of Incurred Magellan Behavioral Health Claims in Last Three Months



Data reflects most recent 36 months

APPENDIX B

IBNR/RBUC Estimates

IBNR/RBUC Estimates¹

Claims Incurred But Not Paid as of 6/30/2014				
Plan	Actual Claims Paid 7/1/2014 through 7/31/2014	Still Outstanding as of 7/31/2014	6/30/14 IBNR with Runout through 7/31/14	
CIGNA CMG	\$ 2,713,307	\$ 793,838	\$ 3,507,145	
CIGNA OAP	\$ 3,080,263	\$ 1,147,117	\$ 4,227,380	
CIGNA HSA	\$ 1,542,605	\$ 957,491	\$ 2,500,096	
CIGNA Medical Total	\$ 7,336,175	\$ 2,898,446	\$ 10,234,621	

Plan	Actual Claims Paid 7/1/2014 through 7/31/2014	Still Outstanding as of 7/31/2014	6/30/14 IBNR with Runout through 7/31/14	
Catamaran Rx	\$ -	\$ -	\$ -	
Magellan Behavioral Health	\$ 72,279	\$ 153,878	\$ 226,157	
Avesis Vision	\$ 119,553	\$ 23,977	\$ 143,530	
CIGNA Dental	\$ 170,363	\$ 383,635	\$ 553,998	
Sedgwick Short Term Disability Plans 40%	\$ 4,364	\$ 12,764	\$ 17,128	
Sedgwick Short Term Disability Plans 50%	\$ 9,322	\$ 36,497	\$ 45,819	
Sedgwick Short Term Disability Plans 60%	\$ 177,823	\$ 288,221	\$ 466,043	
Sedgwick Short Term Disability Total	\$ 191,509	\$ 337,482	\$ 528,991	
Total	\$ 7,889,879	\$ 3,797,418	\$ 11,687,297	

1 - Excludes due and unpaid for benefits other than STD. For STD, includes the reserve for the present value of amounts not yet due.

2 - Not adjusted for receivable on 6/30/14 for overpayment of Cigna Medical Group primary care capitation.

APPENDIX C

Development of Reserve for Self-Insurance

Maricopa County

Development of Reserve for Self-Insurance

Appendix C

Based on Risk Based Capital Requirements for Health Insurers

	A		B		C		D		E		F		G		H		I	
	Medical		Pharmacy Drug		Behavioral Health		Medical + Pharmacy + Behavioral Health		Dental		Vision		Dental + Vision		Subtotal Medical, Pharmacy, Behav Health, Dental, Vision		Short-Term Disability Income	
1. Paid Claims for 12 months ending June 2014	\$	101,765,726	\$	16,324,574	\$	1,208,809	\$	119,299,110	\$	3,833,004	\$	1,310,221	\$	5,143,225	\$	124,442,335	\$	2,575,223
2. Incurred Claims for 12 months ending June 2014	\$	104,888,833	\$	16,311,511	\$	1,203,555	\$	122,403,898	\$	3,902,870	\$	1,302,523	\$	5,205,393	\$	127,609,291	\$	2,674,638
3. Annual Claims = Greater of Paid or Incurred																		
4. First Tier								122,403,898		3,902,870		1,302,523		5,205,393		127,609,291		2,674,638
5. Remainder after First Tier								3,000,000						3,000,000				
6. Second Tier								119,403,898						2,205,393				
7. Remainder								22,000,000						2,205,393				
								97,403,898						-				
8. First Tier								450,000						360,000		810,000		133,732
9. Second Tier								3,300,000						167,610		3,467,610		-
10. Remainder								8,766,351						-		8,766,351		-
11. Total								12,516,351						527,610		13,043,961		133,732
12. Managed Care Discount for Payments made According to Contractual Arrangements								0.150										
13. Portion of Payments based on Contractual Arrangements								90%										
14. Managed Care Discount Calculated								1,689,707								1,689,707		
15. RBC After Managed Care Discount								10,826,643						527,610		11,354,253		133,732
16. Alternate Risk Charge								1,500,000						50,000				
17. Net Underwriting Risk RBC								10,826,644						527,610		11,354,254		133,732
18. As % of Annual Claims								8.8%						10.1%		8.9%		5.0%
19. 150% of Net Risk Underwriting RBC								16,239,965						791,415		17,031,381		200,598
20. As % of Annual Claims								13.3%						15.2%		13.3%		7.5%
21. 250% of Net Risk Underwriting RBC								27,066,610						1,319,025		28,385,635		334,330
22. As % of Annual Claims								22.1%						25.3%		22.2%		12.5%
23. 100% level as % of Annual Paid Claims								9.1%						10.3%		9.1%		5.2%
24. 150% level as % of Annual Paid Claims								13.6%						15.4%		13.7%		7.8%
25. 250% level as % of Annual Paid Claims								22.7%						25.6%		22.8%		13.0%

Comprehensive Major Medical	
0.150	
0.150	
0.090	

Dental and Vision	
0.120	
0.076	
0.076	

Short-Term Disability Income	
0.050	
0.050	
0.050	

Tiered RBC Factors	
\$0 through	\$3 million
\$3 through	\$25 million
\$25 million and over	



Government Human Services Consulting
Mercer Health & Benefits LLC
2325 East Camelback Road, Suite 600
Phoenix, AZ 85016
+1 602 522 6500